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Proposed Attorneys for Playhut, Inc.

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION**

In re:

PLAYHUT, INC.,

Debtor and Debtor in Possession.

Case No. 2:18-bk-15972-WB

Chapter 11 Case

**DECLARATION OF TELEPHONIC  
NOTICE AND NOTICE OF HEARING  
ON DEBTOR'S EMERGENCY  
MOTION FOR ORDER APPROVING:**

- 1. USE OF CASH COLLATERAL OF  
PREFERRED BANK;**
- 2. PAYMENT OF PRE-PETITION  
EMPLOYEE SALARY AND  
BENEFITS;**
- 3. MAINTAINING PRE-PETITION  
BANK ACCOUNTS FOR 30 DAYS;**
- 4. MAINTAINING PRE-PETITION  
MERCHANT ACCOUNT FOR 60  
DAYS; AND**
- 5. EXTENDING THE TIME IN  
WHICH TO FILE SCHEDULES,  
STATEMENTS AND LISTS  
PURSUANT TO FRBP 1007(c)**

**Hearing:**

Date: May 29, 2018

Time: 2:00 p.m.

Courtroom: 1375

255 East Temple Street  
Los Angeles, CA 90012

**DECLARATION OF KERRY A. MURPHY**

I, Kerry A. Murphy, declare and state:

I am a legal assistant with the law firm of Goe & Forsythe, LLP (the “Firm”), proposed attorneys for Playhut, Inc., Debtor and Debtor in Possession (“Debtor”) in the above-referenced chapter 11 bankruptcy estate (“Debtor”). I have personal knowledge of the facts alleged herein and if called upon as a witness, I could and would competently testify thereto. I submit this declaration in support of the Debtor’s Emergency Motion For Order Approving: 1. Use Of Cash Collateral Of Preferred Bank; 2. Payment Of Pre-Petition Employee Salary And Benefits; 3. Maintaining Pre-Petition Bank Accounts For 30 Days; 4. Maintaining Pre-Petition Merchant Account For 60 Days; and 5. Extending The Time In Which To File Schedules, Statements And Lists Pursuant To FRBP 1007(c) (“Motion”) filed on May 24, 2018 as Docket No. 2.

The Court has set a hearing on an emergency basis to hearing the Motion. The hearing is to be heard on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the United States Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple Street, Los Angeles, California 90012.

1. On May 24, 2018, at 2:02 p.m., I telephoned (213) 894-4219 and spoke with Alvin Mar, Esq. at the Office of the United States Trustee and informed him that the Debtor was going into Court on an emergency basis on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the United States Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple Street, Los Angeles, California 90012 to hear the Motion. I further informed him that any opposition to the Motion may be made at the hearing.

2. On May 24, 2018, at 2:09 p.m., I telephoned (786) 870-4823 and left a voicemail message for Leo Vargas, Collection Manager of 1 West Capital, LLC and informed him that the Debtor was going into Court on an emergency basis on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the United States Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple Street, Los Angeles, California 90012 to hear the Motion. I further informed him that any opposition to the Motion may be made at the hearing.

1           3.       On May 24, 2018, at 2:15 p.m., I telephoned (321) 939-6180 and left a voicemail  
2 message for Randall Lay at Disney Consumer Products and informed him that the Debtor was  
3 going into Court on an emergency basis on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the  
4 United States Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple  
5 Street, Los Angeles, California 90012 to hear the Motion. I further informed Mr. Lay that any  
6 opposition to the Motion may be made at the hearing.

7           4.       On May 24, 2018, at 2:18 p.m., I telephoned (714) 690-3700 East-West  
8 Associates, Inc., and was put through to Peter in the Import Department's voicemail and left  
9 him a message that the Debtor was going into Court on an emergency basis on May 29, 2018 at  
10 2:00 p.m. in Courtroom 1375 of the United States Bankruptcy Court located at the Edward R.  
11 Roybal Building, 255 East Temple Street, Los Angeles, California 90012 to hear the Motion. I  
12 further informed him that any opposition to the Motion may be made at the hearing.

13           5.       On May 24, 2018, at 2:21 p.m., I telephoned (305) 900-4949 and spoke to Nore  
14 of EBF Partners, LLC dba Everest Business Funding, who told me I had to speak to their  
15 attorney. Nore provided me with their attorney's name and phone number – Vadim Serebro  
16 [(646) 774-3374] and I telephone and left a voicemail message for Mr. Serebro and informed  
17 him that the Debtor was going into Court on an emergency basis on May 29, 2018 at 2:00 p.m.  
18 in Courtroom 1375 of the United States Bankruptcy Court located at the Edward R. Roybal  
19 Building, 255 East Temple Street, Los Angeles, California 90012 to hear the Motion. I further  
20 informed him that any opposition to the Motion may be made at the hearing.

21           6.       On May 24, 2018, at 2:26 p.m., I telephoned (310) 473-6300, Steven Scandura,  
22 counsel to Hangzhou China Textile Import & Export and was put through to Mr. Scandura's  
23 voicemail and left him a message that the Debtor was going into Court on an emergency basis  
24 on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the United States Bankruptcy Court located  
25 at the Edward R. Roybal Building, 255 East Temple Street, Los Angeles, California 90012 to  
26 hear the Motion. I further informed him that any opposition to the Motion may be made at the  
27 hearing.

1           7.       On May 24, 2018, at 2:41 p.m., I telephoned (646) 774-3362, and left a voicemail  
2 message at Yellowstone Capital West, LLC that the Debtor was going into Court on an  
3 emergency basis on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the United States  
4 Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple Street, Los  
5 Angeles, California 90012 to hear the Motion. I further informed him that any opposition to the  
6 Motion may be made at the hearing.

7           8.       On May 24, 2018, at 2:43 p.m., I telephoned (626) 457-7391, Preferred Bank and  
8 left a voicemail message for Sophia Huang in the Loan Department that the Debtor was going  
9 into Court on an emergency basis on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the  
10 United States Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple  
11 Street, Los Angeles, California 90012 to hear the Motion. I further informed her that any  
12 opposition to the Motion may be made at the hearing.

13           9.       On May 24, 2018, between 3:10 - 3:22p.m., I telephoned (562) 860-3082, OOCL  
14 USA, Inc. and received a busy signal and was unable to leave a message.

15           10.      On May 24, 2018, at 3:23p.m., I telephoned (212) 846-5253, Nathan Johnson at  
16 Viacom and left a voicemail message for him that the Debtor was going into Court on an  
17 emergency basis on May 29, 2018 at 2:00 p.m. in Courtroom 1375 of the United States  
18 Bankruptcy Court located at the Edward R. Roybal Building, 255 East Temple Street, Los  
19 Angeles, California 90012 to hear the Motion. I further informed him that any opposition to the  
20 Motion may be made at the hearing.

21           11.      I was unable to obtain phone numbers for any of the Debtor's creditors with  
22 offices in China and was therefore, unable to provide them with telephonic notice, but I did  
23 provide them with written notice.

24           Attached hereto as **Exhibit "1"** is a true and correct copy of the Motion.

25           I declare under penalty of perjury under the laws of the United States of America that the  
26 foregoing is true and correct.

27  
28 Dated: May 24, 2018

By: /s/Kerry A. Murphy

Kerry A. Murphy

MOTION

**File a Motion:**[2:18-bk-15972-WB Playhut, Inc.](#)

Type: bk

Chapter: 11 v

Office: 2 (Los Angeles)

Assets: y

Judge: WB

Case Flag: PlnDue, DsclsDue,  
Incomplete**U.S. Bankruptcy Court****Central District of California**

## Notice of Electronic Filing

The following transaction was received from Robert P Goe entered on 5/24/2018 at 11:54 AM PDT and filed on 5/24/2018

**Case Name:** Playhut, Inc.**Case Number:** [2:18-bk-15972-WB](#)**Document Number:** [2](#)**Docket Text:**

Emergency motion *Debtors Emergency Motion For Order Approving: 1. Use Of Alleged Cash Collateral Of Preferred Bank; 2. Payment Of Pre-Petition Employee Benefits; 3. Establishment Of Adequate Assurance Payments With Respect To Utilities; 4. Maintaining Pre-Petition Bank Accounts For 30 Days; 5. Maintaining Pre-Petition Merchant Accounts For 60 Days; 6. Payment Of Certain Pre-Petition Critical Vendor Claims; 7. Limiting Notice Of Certain Matters Requiring Notice Pursuant To FRBP 2002 And 9007; And 8. Extending The Time In Which To File Schedules, Statements And Lists Pursuant To FRBP 1007(C); Memorandum Of Points And Authorities; Declaration Of Yu Zheng In Support Thereof* Filed by Debtor Playhut, Inc. (Goe, Robert)

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**\\gfdc\Data\X\Scanned Documents\Emergency 1st Day Motion re Cash Collateral Bank Accts Adequate Pymts NO STIP - CLEAN - 05-24-18.pdf

**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=1106918562 [Date=5/24/2018] [FileNumber=91348523-0] [0ca11cfce8ccce5ebb94ed6710639aede0dbbf0289f822d8ad89b4aa792ddbc9c7d5e2bde01d4000b7f04bb44e0d2ef3ef67c48d7e398be30005c73987fa3569]]

**2:18-bk-15972-WB Notice will be electronically mailed to:**

Robert P Goe on behalf of Debtor Playhut, Inc.

kmurphy@goeforlaw.com, rgoe@goeforlaw.com;goeforecf@gmail.com

United States Trustee (LA)

ustpreion16.la.ecf@usdoj.gov

**2:18-bk-15972-WB Notice will not be electronically mailed to:**



Robert P. Goe – SBN 137019  
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Proposed Attorneys for Playhut, Inc.

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION**

In re:

PLAYHUT, INC.,

Debtor and Debtor in Possession.

Case No. 2:18-bk-15972-WB

Chapter 11 Case

**DEBTOR'S EMERGENCY MOTION  
FOR ORDER APPROVING:**  
**1. USE OF CASH COLLATERAL OF  
PREFERRED BANK;**  
**2. PAYMENT OF PRE-PETITION  
EMPLOYEE SALARY AND  
BENEFITS;**  
**3. MAINTAINING PRE-PETITION  
BANK ACCOUNTS FOR 30 DAYS;**  
**4. MAINTAINING PRE-PETITION  
MERCHANT ACCOUNT FOR 60  
DAYS; AND**  
**5. EXTENDING THE TIME IN  
WHICH TO FILE SCHEDULES,  
STATEMENTS AND LISTS  
PURSUANT TO FRBP 1007(c).  
MEMORANDUM OF POINTS AND  
AUTHORITIES; DECLARATION OF  
YU ZHENG IN SUPPORT THEREOF**

**Hearing:**

Date:

Time:

Courtroom: 1375  
255 East Temple Street  
Los Angeles, CA 90012

**Playhut, Inc., a California corporation**, debtor and debtor in possession herein  
("Playhut" or "Debtor") hereby moves the Court for an Emergency Order Approving: (1) Use of  
Cash Collateral of Preferred Bank; (2) Payment of Pre-Petition Employee Salary and Benefits; (3)



1 Maintaining Pre-Petition Bank Accounts for Thirty (30) Days (4) Maintaining Pre-Petition  
2 Merchant Account for Sixty (60) Days (5) Extending the Time in Which to File Schedules,  
3 Statements and Lists Pursuant to FRBP 1007(c) (“Motion”).

4 This Motion is based on the attached Declaration of Yu Zheng (the “Zheng Declaration”),  
5 and Memorandum of Points and Authorities, and on such other evidence as the Court elects to  
6 consider prior to or at the hearing on this matter.

7 Respectfully Submitted by,

8  
9 DATED: May 24, 2018

**GOE & FORSYTHE, LLP**

10 By: /s/Robert P. Goe

11 Robert P. Goe  
12 Proposed Attorneys for Playhut, Inc.  
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I.

**INTRODUCTION**

Playhut was founded in 1992 and is committed to producing toys, allowing children to play in imaginative and educational ways. Playhut's EZ Twist™ product line consists of indoor and outdoor play structures, baby structures, dolls, and plushes that incorporate interactive features such as games and themed environment, manufactured primarily in China.

Playhut has grown into a toy producer with significant market share of toy structures and other products for primarily the toddler age range. Its products are sold in North and South America, Europe, Asia, and Australia. Playhut has relationships with major retailers such as Wal-Mart, Target, Kmart, Toys "R" Us ("TRU"), Costco, Amazon, QVC, JC Penney and licensed brands such as Disney, Marvel, Nickelodeon, HiT, Lucasfilms that solidifies Playhut's position in the international marketplace.

Yu "Brian" Zheng, President, Chief Executive Officer and 100% shareholder, formed Playhut with his first invention, the best-selling SpringShade™ Sunshade. Since starting Playhut, Brian has won over 30 awards and developed over 120 patents, including the renowned EZ Twist™ technology, which allows for instant setup and foldaway, as well as convenient storage of Playhut structures.

As discussed herein, one of the prompting factors for the chapter 11 filing was the Chapter 11 filing of TRU on September 18, 2017 and its liquidation announcement on or about March 14, 2018. Like many other toy manufacturers, TRU was Debtor's largest customer making annual purchases of \$6-7 million on average. To make matters worse, Debtor has general unsecured and administrative claims against TRU of at least \$1.2 million.

Preferred Bank holds senior liens against Debtor secured by Debtor's assets, with total outstanding indebtedness in the approximate amount of \$6,152,613.59. A true and correct copy of a Lexis/Nexis UCC-1 search is attached to the Zheng Declaration as **Exhibit "1"**. As Preferred Bank is likely under-secured, there is no collateral value for any junior lien holder. Debtor will nevertheless provide notice of this Motion to all lien holders. Debtor is current on its loan

obligations to Preferred Bank and is confident, based on its projected income and expenses, that it can provide adequate protection moving forward towards a successful reorganization. Debtor has retained Armory Consulting Co. as its financial advisor to assist Debtor with its operations. Attached to the Zheng Declaration as **Exhibit “2”** is a true and correct copy of Debtor’s 13 Week Cash Flow Projections (“Projections”).

Debtor will attempt to negotiate a cash collateral stipulation with Preferred Bank, which hopefully will be submitted prior to the hearing on this Motion.

## **II.**

### **FACTUAL BACKGROUND**

#### **A. Playhut’s Business Model and Sources of Income**

Playhut has been in business for more than 25 years and has been a leader in the toy industry. As noted above, Debtor has licenses with Disney, Nickelodeon, Sesame Street, and others to put their images on Playhut’s indoor and outdoor play structures.

Playhut’s products can be purchased at Wal-Mart, Target, TJ Maxx and Walgreens, among other retailers and on Amazon. Attached to the Zheng Declaration as **Exhibit “3”** is a true and correct copy of the Debtor’s Sale Projections as of May 23, 2018, showing shipping dates ranging from June 13, 2018 through September 30, 2018, in the amount of \$3,685,107.53 (“Sale Projections”). Debtor anticipates it will be receiving more purchase orders from Target and Wal-Mart, in part, to fill the void left by TRU. In addition to these sales, Debtor anticipates approximately \$150,000 - \$200,000 monthly sales to Amazon, which fills orders every Monday.

Playhut recently downsized its operations from 100,000 to 40,000 square feet and has moved to 18560 San Jose Avenue, City of Industry, California (“Premises”), where the monthly rent will be \$28,400, down from monthly rent of \$80,000 at its previous location.

Debtor has accounts receivable of approximately \$2,349,000 and inventory with a value at cost of approximately \$1,306,129.21. A true and correct copy of Debtor’s Accounts Receivables Aged Invoice Report as of May 22, 2018 is attached to the Zheng Declaration as **Exhibit “4”**. A

true and correct copy of the Inventory Valuation Report by Period, Period Ending May 31, 2018 is attached to the Zheng Declaration as Exhibit “5”.

**B. The Hangzhou China Textile Import and Export Co., Ltd. Litigation (“China Textile”)**

On April 12, 2018, Trade Creditor China Textile obtained a judgment in the approximate amount of \$2,200,000 against Playhut, in an action pending in the United States District Court, Central District of California, Case No. 2:17-cv-00157-PSG-GJS (“China Textile Judgment”). China Textile thereafter has taken enforcement action by obtaining an Abstract of Judgment and filing on April 26, 2018, a judgment lien with the California Secretary of State. Playhut has filed a timely appeal. As discussed below, the filing of the China Textile Judgment prevented Playhut from obtaining new purchase order financing and thus necessitated the bankruptcy filing.

**C. Proposed Purchase Order Financing**

Debtor has had to transition its business to new customers since the TRU bankruptcy proceeding. TRU was about 20% of all of Debtor’s annual sales and sometimes more. Debtor has obtained purchase orders from Wal-Mart, Target, Family Dollar and Canadian Tire, among others, and is negotiating new purchase order financing in the millions of dollars that will be the subject of a separate motion. Due to the China Textile Judgment, the proposed lenders would not fund without Bankruptcy Court protection.

**D. The Preferred Bank Loans**

Playhut has had a line of credit with Preferred Bank since 2005, when the original UCC-1 financing statement was filed and has been continued. A second UCC-1 financing statement was filed in 2009 that has also been continued. As security for the loan, Playhut provided Preferred Bank a security interest in all its assets.

On April 26, 2018, Playhut entered a Change in Terms Agreement with Preferred Bank, where the principal amount of the Master Line of Credit is \$6,152,613.59, which consists of a non-revolving line of credit in the amount of \$3,752,613.59, a Seasonal Non-Revolving Lien of Credit in the amount of \$1,500,000, and for issuance of stand-by LC’s in the amount of \$900,000.

1 A true and correct copy of the Change in Terms Agreement is attached to the Zheng Declaration  
2 as **Exhibit “6”**. Debtor was to pay interest-only at the current rate of 5.5% with six (6) principal  
3 payments of \$50,000 commencing September 30, 2018 with a maturity date of May 5, 2019.

4  
5 **E. Playhut’s Employees**

6 Playhut has approximately twenty-five (25) employees as set forth on the chart attached as  
7 **Exhibit “7”** to the Zheng Declaration. Debtor paid all payroll and payroll taxes due on May 18,  
8 2018 to cover the payroll through May 11, 2018. Playhut needs authority to pay the payroll for  
9 the period May 14, 2018 through May 25, 2018, which will be due on June 1, 2018. Some of  
10 Debtor’s employees may be entitled to accrued pre-petition benefits including vacation pay, sick  
11 leave, holiday pay, jury duty pay, maternity or paternity leave, and other paid leave, federal, state  
12 and local payroll taxes, deductions and withholdings, payroll deductions relating to various  
13 benefits, reimbursement of business expenses, 401(k) plan employee contributions; and  
14 miscellaneous other claims asserted by employees (including, without limitation, medical, dental,  
15 life insurance, and disability insurance. No payment shall exceed the priority cap of \$12,850  
16 provided for in Section 507(a)(4). No compensation, including in the form of benefits, will be  
17 paid to Yu Zheng until after an insider compensation request is served.

18 **F. Playhut’s Pre-Petition Accounts**

19 Playhut has pre-petition bank accounts with Preferred Bank, Chase Bank and Bank of  
20 America that it understands it needs to close and replace with DIP Accounts. Certain of Debtor’s  
21 customers may require lead time to update their processing of payments for Debtor’s new DIP  
22 accounts.

23 Also, Playhut has a merchant account with Chase Bank.

24 **III.**

25 **THE USE OF THE CASH COLLATERAL FOR OPERATIONS SHOULD BE**  
26 **AUTHORIZED IN ACCORDANCE WITH THE PROJECTIONS**  
27  
28



1 To obtain court authorization to use cash collateral, a debtor must establish that the  
2 “interest” of creditors holding liens on the subject collateral will remain “adequately protected.”  
3 11 U.S.C. § 363(e). Pursuant to United States v. Timbers of Inwood Forest, 484 U.S. 365, 108 S.  
4 Ct 626 (1988), the “interest in property” entitled to adequate protection under 11 U.S.C. §363(e)  
5 is no more or less than the “value of the collateral” that is subject to the secured creditor’s lien.

6 Under this holding, a debtor is merely required to show that the secured creditor’s  
7 collateral will not decline in value under the debtor’s proposed usage of cash collateral. Timbers,  
8 108 S. Ct at 633; In re Ledgemere Land Corp., 116 B.R. 338, 343 (Bankr. D.Mass. 1990) (So long  
9 as the receivables being collected and used by the debtor are being replaced by sufficient new  
10 receivables in which the creditor is granted a security interest, the creditor is adequately  
11 protected); In re Johnson, 90 B.R. 973, 978 (Bankr. D. Minn. 1988) (Since value of the collateral  
12 has not declined, the bank is not impaired and is not entitled to receive adequate protection  
13 payments); In re Century Inv. Fund VII, Ltd. Partnership, 96 B.R. 884, 887 (Bankr. E.D. Wis.  
14 1989) (Where value appears to be stable, creditor is not entitled to adequate protection payments);  
15 In re Kessler, 86 B.R. 134, 136 (Bankr. C.D. Ill. 1988) (under Timbers, the sellers are not entitled  
16 to adequate protection payments, as there was no showing the 80-acre tract was depreciating in  
17 value); In re Anderson, 88 B.R. 877, 889 (Bankr. N.D. Ind. 1988) (Secured creditor required to  
18 show a necessity for adequate protection by showing a decline in asset value from the petition  
19 date); In re McCombs Properties VI, Ltd., 88 B.R. 261 (Bankr. C.D.Cal. 1988); In re Elmore, 94  
20 B.R. 670 (Bankr. C.D. Cal. 1988). Alternatively, a debtor can make an adequate protection  
21 showing even where the collateral is declining in value, as long as the creditor’s interest therein is  
22 protected by a reasonable equity cushion. See, In re Mellor, 734 F. 2d 1396 (9th Cir. 1984); In re  
23 Harrington & Richardson, Inc., 48 B.R. 431 (Bankr. D.Mass. 1985); In re McCombs Properties Vi,  
24 Ltd., 88 B.R. 261 (Bankr. C.D.Cal. 1988).

25 In reviewing a motion under Section 363(c)(2) which provides for the use of cash  
26 collateral, the Court must balance two irreconcilable and conflicting interests. “The holder of a  
27 lien on cash collateral must not be left unprotected by unrestricted use of the collateral by the  
28

debtor. However, the purpose of Chapter 11 is to rehabilitate debtors and generally, access to cash collateral is necessary in order to operate a business. The equities in each case must be weighed in striking a balance.” In re Stein, 19 B.R. 458, 459 (Bankr. E.D. Pa. 1982) citing Matter of Earth-Lite, Inc., 9 B.R. 440 (M.D. Fla. 1981) and In re International Horizons, Inc., 11 B.R. 366 (Bankr. N.D. Ga. 1981).

As illustrated in the Projection attached as **Exhibit 2** to the Zheng Declaration, the cash collateral pool in which Preferred Bank holds an interest will not decline through the usage proposed by the Debtor. To the contrary, the overall value of the estate will increase as the Ending Cash Balance shall increase, leaving Preferred Bank’s interest adequately protected. As additional adequate protection, Debtor will include in the cash collateral order that Preferred Bank will receive a replacement lien, as of the Petition Date, in the pre-petition collateral and proceeds therefrom, but only to the same extent and priority Preferred Bank already has liens against those same asset types existing pre-petition. The Debtor will also provide to Preferred Bank all Monthly Operating Reports required to be submitted to the Office of the United States Trustee, and filed with the Court.

The foregoing provisions, coupled with the value that will be preserved and generated through the continued operation of the Debtor, will provide Preferred Bank all the protection required under Section 363.

#### IV.

#### **AUTHORITY TO PAY PRE-PETITION EMPLOYEE SALARY AND BENEFITS**

Debtor seeks the right, but not the requirement, to pay all pre-petition compensation-related obligations owed to the employees, vacation pay, sick leave, holiday pay, jury duty pay, maternity or paternity leave, and other paid leave, federal, state and local payroll taxes, deductions and withholdings, payroll deductions relating to various benefits, reimbursement of business expenses, 401(k) plan employee contributions; and miscellaneous other claims asserted by employees (including, without limitation, medical, dental, life insurance, and disability insurance (collectively, the “Pre-Petition Compensation”).

1 The payments pursuant to this Motion will not exceed the \$12,850 wage priority limit  
2 provided for in Section 507(a)(4) of the Bankruptcy Code, and no payments will be made to Yu  
3 Zheng until a principal compensation request has been approved.

4 In compliance with Local Rule 2081-1, Debtor represents as follows:

- 5 (a) All the employees to be paid are still employed;
- 6 (b) Debtor has already cut back significantly the number of its employees, and each  
7 employee is absolutely essential to operations;
- 8 (c) The procedures benefit the estate as priority creditors are paid and there is no  
9 hardship to the employees;
- 10 (d) Debtor expects business to continue to improve paving the way to chapter 11 plan  
11 confirmation;
- 12 (e) The employees are not insiders;
- 13 (f) The claims are all below the \$12,850 limit of Section 507(a)(4); and
- 14 (g) The payout should not render the estate insolvent.

15 The Debtor's ability to pay the reasonable ongoing expenses of operations and to maintain  
16 its current employees is critical to the Debtor's reorganization prospects, thereby bringing into  
17 force the "necessity of payment" doctrine. The United States Supreme Court first articulated the  
18 "necessity of payment doctrine" over a century ago in a railroad bankruptcy case when it stated  
19 that "[m]any circumstances may exist which may make it *necessary and indispensable to the*  
20 *business* of the road and the preservation of the property, for the receiver to pay pre-existing  
21 debts..." Miltenerberger v. Logansport, 1 S.Ct. 140 (1882) (emphasis added). While this doctrine  
22 was not codified in the Bankruptcy Code, in general, bankruptcy courts have used their equitable  
23 power under Section 105(a) to authorize the payment of pre-petition claims when such payment is  
24 deemed necessary to the continued operation of a debtor in a chapter 11 reorganization case.

25 "[T]he paramount policy and goal of a chapter 11, to which all other bankruptcy policies  
26 are subordinated, is the rehabilitation of the debtor." In re Ionosphere Clubs, Inc. and Eastern  
27 Airlines, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989). "The fundamental purpose of reorganization  
28

1 is to prevent the debtor from going into liquidation, with an attendant loss of jobs and possible  
2 misuse of economic resources.” *Id.* at 177 (quoting NLRB v. Bildisco & Bildisco, 465 U.S. 513,  
3 528, 104 S.Ct. 1188 (1984)). This paramount policy of rehabilitation, upon occasion, necessitates  
4 the payment of certain pre-petition claims so that the debtor may continue to operate.

5 “This [‘necessity of payment’] rule recognizes the existence of the judicial power to  
6 authorize the debtor in a reorganization case to pay pre-petition claims where such payment is  
7 essential to the continued operation of the debtor.” *Id.* at 176 (citing Miltenberger v. Logansport,  
8 supra. “[T]he ‘necessity of payment’ doctrine... [permits] immediate payment of claims of  
9 creditors where those creditors will not supply services or material essential to the conduct of the  
10 business until their pre-reorganization claims shall have been paid.” *Id.* (quoting In re Lehigh &  
11 New England Railway Co., 467 F.2d 100, 102 n.1 (3d Cir. 1972)).

12 Bankruptcy courts have used their equitable power under Section 105(a) to authorize the  
13 payment of pre-petition claims in non-railroad cases when such payment is deemed necessary to  
14 the continued operation of a debtor in a chapter 11 reorganization case. See e.g., In re Lehigh &  
15 New England Railway Co., supra, (holding that a bankruptcy court may authorize payment of pre-  
16 petition claims when there “is the possibility that the creditor will employ an immediate economic  
17 sanction, failing such payment”); In re Penn Central Transportation Co., supra, (holding that the  
18 necessity of payment doctrine permits “immediate payment of claims of creditors where those  
19 creditors will not supply services or material essential to the conduct of the business until their  
20 pre-reorganization claims have been paid”); In re Columbia Gas Systems, Inc., 171 B.R. 189,  
21 191-92 (Bankr.D.Del.1994) (authorizing debtor to pay pre-petition claims that are essential to  
22 continued operation of business); In re Just For Feet, Inc., 242 B.R. 821, 826 (D.Del. 1999)  
23 (authorizing payment of creditor vendor pre-petition claims because the vendors were “essential  
24 to the survival of the debtor”); see also, In re Financial News Network, Inc., 134 B.R. 732, 736  
25 (Bankr.S.D.N.Y.1991); In re NVR L.P., 147 B.R. 126, 128 (Bankr.E.D.Va. 1992); In re Eagle-  
26 Pircher Indus., Inc., 124 B.R. 1021, 1023 (Bankr. S.D.Ohio 1991); In re Texlon Corporation, 596  
27 F.2d 1092 (2<sup>nd</sup> Cir. 1979); In re Adams Apple, Inc., 829 F.2d 1484, 1490 (9<sup>th</sup> Cir. 1987); Duley v.  
28

1 Mealey, 147 F.2d 268 (2<sup>nd</sup> Cir. 1945). Cf. Matter of Oxford Management, Inc., 4 F.3d 1329 (5<sup>th</sup>  
2 Cir. 1993); Matter of B & W Enterprises, Inc., 713 F.2d 534 (9<sup>th</sup> Cir. 1983)<sup>1</sup>; In re Timberhouse  
3 Post and Beam, Ltd., 196 B.R. 547 (Bankr. D.Mont. 1996); and In re USM Technology Corp.,  
4 158 B.R. 821, 827 n. 9 (Bankr.N.D.Cal.1993).

5 The rationale of the “necessity of payment” doctrine is particularly important where the  
6 pre-petition claims involve pre-petition wages and benefits. In In re Gulf Air, 112 B.R. 152, 153  
7 (Bankr. W.D.La. 1989) a chapter 11 debtor moved for immediate payment of pre-petition  
8 employee related expenses which included wages, health and life insurance premiums and  
9 workers’ compensation premiums. *Id.* at 153. The debtor had advised the court that many of the  
10 debtor’s employees would abandon employment without such immediate payment and that  
11 therefore such payment was essential to the reorganization effort. *Id.* The Court noted that while  
12 pre-petition claims are normally disposed of in a plan of reorganization and in accordance with  
13 statutory priorities, “there are well established ‘necessity of payment’ and similar exceptions.”  
14 *Id.* Finding that payment of pre-petition wage and benefit obligations was in the best interests of  
15 creditors and necessary for the successful reorganization of the debtor, the Court granted the  
16 debtor’s motion in its entirety. See also, In re Adams Apple, Inc., *supra*, 829 F.2d at 1490 (“cases  
17 have permitted unequal treatment of pre-petition debts when necessary for rehabilitation in such  
18 context as (i) pre-petition wages to key employees...”); Matter of Canton Castings, Inc., 103 B.R.  
19 874 (Bankr. N.D. Ohio 1989) (holding that debtor was bound by collective bargaining agreement  
20 to pay accrued vacation.

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21  
22 <sup>1</sup> In Matter of B & W Enterprises, Inc., 713 F.2d 534, 537 (9<sup>th</sup> Cir. 1983), the Ninth Circuit Court of Appeals declined  
23 to extend the “necessity of payment” doctrine beyond the context of railroad reorganization. However, in that case,  
24 the debtor, while it was in chapter 11, paid certain pre-petition claims “without notice, hearing or authorization from  
25 the supervising bankruptcy court.” *Id.* at 535. Since the payments were not authorized by the court and had been  
26 made with estate assets, after the case had been converted to chapter 7, the trustee sought to avoid those payments  
27 under Section 549. The debtor attempted to justify the payments under the “necessity of payment” doctrine. The  
28 Ninth Circuit held that “absent compelling reasons, we deem it unwise to tamper with the statutory priority scheme  
devised by Congress...” and held that even if the rule did survive the 1986 Act, sufficient justification for extending  
the doctrine had not been provided. *Id.* at 537. However, the instant case is not “tampering with the statutory priority  
scheme” devised by Congress. The claims sought to be paid in this instance are priority claims. The Debtor is not  
seeking to pay some unsecured claims to the exclusion of others. Moreover, there are “compelling reasons” for such  
payments. The Debtor’s ability to reorganize is at stake. Employees may not continue to work if they cannot be  
assured of payment. Salaries are essential to the continued operation of Debtor’s business.

1 In addition to the foregoing decisional authority, this Court is empowered under the  
2 provisions of Section 105(a) of the Bankruptcy Code to “issue any order process or judgment that  
3 is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). See also,  
4 In re Quality Interiors, Inc., 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“A general practice has  
5 developed, however, where bankruptcy courts permit the payment of certain pre-petition claims,  
6 pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such  
7 payment”).

8 The payments in question would constitute priority claims pursuant to Section 507(a)(4) of  
9 the Bankruptcy Code, and are therefore more likely to be paid in any event.

10 Since all priority payments must be made eventually before general unsecured claims can  
11 be paid, the Courts often permit the payment of pre-petition employee obligations so that the  
12 debtor-in-possession may maintain an effective workforce, especially where the amount of the  
13 payment is relatively small and where it appears that the wages being paid would ultimately  
14 qualify as priority claims. In re Quality Interiors, Inc., supra, at 396 (citing 11 U.S.C. § 507). The  
15 Debtor believes that substantially all of the subject pre-petition employee benefits, as well as  
16 claims for vacation and sick leave benefits and other related benefits, constitute priority claims  
17 pursuant to the provisions of Sections 507(a)(3) and (a)(4), which will be paid by Debtor’s estate  
18 in any event. Consequently, there is ample authority and legal justification for authorizing the  
19 Debtor to honor its wage and benefit commitments to current employees to the extent that they  
20 constitute pre-petition obligations, as they are relatively small amounts and within priority limits  
21 in any event.

22 **V.**

23 **THE COURT SHOULD ALLOW DEBTOR TO MAINTAIN ITS PRE-PETITION**  
24 **BANK ACCOUNTS FOR 30 DAYS AND MERCHANT ACCOUNTS FOR 60 DAYS**

25 Debtor understands that it needs to close its pre-petition accounts and open DIP Accounts,  
26 but request that it be able to leave its accounts open thirty (30) days to allow checks to clear.  
27  
28

Also, Debtor has a merchant account the Debtor requests maintain active for a period of sixty (60) days from the Petition Date.

**VI.**

**THIS COURT SHOULD EXTEND THE PERIOD IN WHICH DEBTOR MUST FILE  
ITS SCHEDULES AND STATEMENT OF FINANCIAL AFFAIRS**

Federal Rule of Bankruptcy Procedure 1007 provides that in an involuntary case, “the debtor shall file, within seven days after entry of the order for relief, a list containing the name and address of each entity included or to be included on Schedules D, E, F, G and H as prescribed by the Official Forms.” Fed. R. Bankr. P. 1007(a)(2). Further, “the list in subdivision (a)(2), and the schedules, statements, and other documents required by subdivision (b)(1) shall be filed by the debtor within 14 days of the entry of the order for relief.” Fed. R. Bankr. P. 1007(c). Finally, a “list [of the debtor’s 20 largest creditors] shall be filed by the debtor within 2 days after entry of the order for relief under § 303(h) of the Code. Fed. R. Bankr. P. 1007(d).

Where additional time to comply with this directive is required:

Any extension of time to file schedules, statements, and other documents required under this rule may be granted only on motion for cause shown and on notice to the United States trustee, any committee elected under § 705 or appointed under § 1102 of the Code, trustee, examiner, or other party as the court may direct. Notice of an extension shall be given to the United States trustee and to any committee, trustee, or other party as the court may direct.

Fed. R. Bankr. P. 1007(c). Here, Debtor has submitted its list of 20 largest general unsecured creditors and the creditor matrix, and is therefore in compliance with Fed. R. Bankr. P. 1007(a)(2) and (d). As indicated by the Zheng Declaration, however, Debtor will require more than fourteen (14) days in which to prepare and submit the balance of schedules, statements, and list required by this Rule.

Accordingly, and pursuant to this Court’s Local Rule 1007-1(e), Debtor respectfully requests an extension of the time from June 7, 2018 to June 28, 2018 in which to comply with the requirements of Fed. R. Bankr. P. 1007, for the “cause” demonstrated herein.

**VIII.**

**NOTICE OF THE MOTION IS ADEQUATE**

Notice of this Motion will be provided, by telecopy, email or overnight courier, to the following parties-in-interest: (a) the Office of the United States Trustees, (b) Preferred Bank, (c) the twenty (20) largest unsecured creditors of Debtor (as identified in the lists filed pursuant to Bankruptcy Rule 1007(d)), and (d) all parties who have filed notices of appearances in this case.

**IX.**

**CONCLUSION**

For the foregoing reasons, the Debtor respectfully requests that the Court grant the relief prayed for herein.

DATED: May 24, 2018

Respectfully submitted by,  
**GOE & FORSYTHE, LLP**

By: /s/ Robert P. Goe  
Robert P. Goe  
Proposed Attorneys for Playhut, Inc.



**DECLARATION OF YU “BRIAN” ZHENG**

I, Yu “Brian” Zheng, declare:

I am the President, CEO and 100% sole shareholder of Playhut, Inc., the Debtor and Debtor possession herein. I make this declaration in support of the Emergency Motion for Order Approving: (1) Use of Cash Collateral of Preferred Bank; (2) Payment of Pre-Petition Employee Salary and Benefits; (3) Maintaining Pre-Petition Bank Accounts for Thirty (30) Days (4) Maintaining Pre-Petition Merchant Accounts for Sixty (60) Days (5) Extending the Time in Which to File Schedules, Statements and Lists Pursuant to FRBP 1007(c) (“Motion”). If called as a witness, I could and would testify competently as to the facts set forth below, as I know each to be true based upon my own personal knowledge.

Playhut was founded in 1992 and is committed to producing toys, allowing children to play in imaginative and educational ways. Playhut’s EZ Twist™ product line consists of indoor and outdoor play structures, baby structures, dolls, and plushes that incorporate interactive features such as games and themed environment, manufactured primarily in China.

Playhut has grown into a toy producer with significant market share of toy structures and other products for primarily the toddler age range. Its products are sold in North and South America, Europe, Asia, and Australia. Playhut has relationships with major retailers such as Wal-Mart, Target, Kmart, Toys “R” Us (“TRU”), Costco, Amazon, QVC, JC Penney and licensed brands such as Disney, Marvel, Nickelodeon, HiT, Lucasfilms that solidifies Playhut’s position in the international marketplace.

I formed Playhut with my first invention, the best-selling SpringShade™ Sunshade. Since starting Playhut, I have won over 30 awards and developed over 120 patents, including the renowned EZ Twist™ technology, which allows for instant setup and foldaway, as well as convenient storage of Playhut structures.

As discussed herein, one of the prompting factors for the chapter 11 filing was the Chapter 11 filing of TRU on September 18, 2017 and its liquidation announcement on or about March 14, 2018. Like many other toy manufacturers, TRU was Debtor’s largest customer making annual

1 purchases of \$6-7 million on average. To make matters worse, Debtor has general unsecured and  
2 administrative claims against TRU of at least \$1.2 million.

3 Preferred Bank holds senior liens against Debtor secured by Debtor's assets, with total  
4 outstanding indebtedness in the approximate amount of \$6,152,613.59. A true and correct copy of  
5 a Lexis/Nexis UCC-1 search is attached hereto as **Exhibit 1**. As Preferred Bank is likely under-  
6 secured, there is no collateral value for any junior lien holder. Debtor will nevertheless provide  
7 notice of this Motion to all lien holders. Debtor is current on its loan obligations to Preferred  
8 Bank and is confident, based on its projected income and expenses, that it can provide adequate  
9 protection moving forward towards a successful reorganization. Debtor has retained Armory  
10 Consulting Co. as its financial advisor to assist Debtor with its operations. Attached hereto as  
11 **Exhibit 2** is a true and correct copy of Debtor's 13 Week Cash Flow Projections ("Projections").

12 Debtor will attempt to negotiate a cash collateral stipulation with Preferred Bank, which  
13 hopefully will be submitted prior to the hearing on this Motion.

14 Playhut has been in business for more than 25 years and has been a leader in the toy  
15 industry. As noted above, Debtor has licenses with Disney, Nickelodeon, Sesame Street, and  
16 others to put their images on Playhut's indoor and outdoor play structures.

17 Playhut's products can be purchased at Wal-Mart, Target, TJ Maxx and Walgreens, among  
18 other retailers and on Amazon. Attached hereto as **Exhibit 3** is a true and correct copy of the  
19 Debtor's Sale Projections as of May 23, 2018, showing shipping dates ranging from June 13, 2018  
20 through September 30, 2018, in the amount of \$3,685,107.53. Debtor anticipates it will be  
21 receiving more purchase orders from Target and Wal-Mart. In addition to these sales, Debtor  
22 anticipates approximately \$150,000 - \$200,000 monthly sales to Amazon, which fills orders every  
23 Monday.

24 Playhut recently downsized its operations from 100,000 to 40,000 square feet and has  
25 moved to 18560 San Jose Avenue, City of Industry, California, where the monthly rent will be  
26 \$28,400, down from monthly rent of \$80,000 at its previous location.

Debtor has accounts receivable of approximately \$2,349,000 and inventory with a value at cost of approximately \$1,306,129.21. A true and correct copy of Debtor's Accounts Receivables Aged Invoice Report as of May 22, 2018 is attached hereto as **Exhibit 4**. A true and correct copy of the Inventory Valuation Report by Period, Period Ending May 31, 2018 is attached hereto as **Exhibit 5**.

On April 12, 2018, Trade Creditor China Textile obtained a judgment in the approximate amount of \$2,200,000 against Playhut, in an action pending in the United States District Court, Central District of California, Case No. 2:17-cv-00157-PSG-GJS ("China Textile Judgment"). China Textile thereafter has taken enforcement action by obtaining an Abstract of Judgment and filing on April 26, 2018, a judgment lien with the California Secretary of State. Playhut has filed a timely appeal. As discussed below, the filing of the China Textile Judgment prevented Playhut from obtaining new purchase order financing and thus necessitated the bankruptcy filing.

Debtor has had to transition its business to new customers since the TRU bankruptcy proceeding. TRU was about 20% of all of Debtor's annual sales and sometimes more. Debtor has obtained purchase orders from Wal-Mart, Target, Family Dollar and Canadian Tire, among others and is negotiating new purchase order financing in the millions of dollars that will be the subject of a separate motion. Due to the China Textile Judgment, the proposed lenders would not fund without Bankruptcy Court protection.

Playhut has had a line of credit with Preferred Bank going back to 2005, when the original UCC-1 financing statement was filed and has been continued. A second UCC-1 financing statement was filed in 2009 that has also been continued. As security for the loan, Playhut provided Preferred Bank a security interest in all its assets.

On April 26, 2018, Playhut entered a Change in Terms Agreement with Preferred Bank, where the principal amount of the Master Line of Credit is \$6,152,613.59, which consists of a non-revolving line of credit in the amount of \$3,752,613.59, a Seasonal Non-Revolving Lien of Credit in the amount of \$1,500,000, and for issuance of stand-by LC's in the amount of \$900,000. A true and correct copy of the Change in Terms Agreement is attached hereto as **Exhibit 6**.

1 Debtor was to pay interest-only at the current rate of 5.5% with six (6) principal payments of  
2 \$50,000 commencing September 30, 2018 with a maturity date of May 5, 2019.

3 Playhut has approximately twenty-five (25) employees as set forth on the chart attached  
4 hereto as Exhibit 7. Debtor paid all payroll and payroll taxes due on May 18, 2018 to cover the  
5 payroll through May 11, 2018. Playhut needs authority to pay the payroll for the period May 14,  
6 2018 through May 25, 2018, which will be due on June 1, 2018. Some of Debtor's employees  
7 may be entitled to accrued pre-petition benefits including vacation pay, sick leave, holiday pay,  
8 jury duty pay, maternity or paternity leave, and other paid leave, federal, state and local payroll  
9 taxes, deductions and withholdings, payroll deductions relating to various benefits, reimbursement  
10 of business expenses, 401(k) plan employee contributions; and miscellaneous other claims  
11 asserted by employees (including, without limitation, medical, dental, life insurance, and disability  
12 insurance. No payment shall exceed the priority cap of \$12,850 provided for in Section  
13 507(a)(4). No compensation, including in the form of benefits, will be paid to me until after an  
14 insider compensation request is served.

15 Playhut has pre-petition bank accounts with Preferred Bank, Chase Bank and Bank of  
16 America that it understands it needs to close and replace with DIP Accounts. Certain of Debtor's  
17 customers may require lead time to update their processing of payments for Debtor's new DIP  
18 accounts.

19 Also, Playhut has a merchant account with Chase Bank.

20 Debtor understands that it needs to close its pre-petition accounts and open DIP Accounts,  
21 but request that it be able to leave its accounts open thirty (30) days to allow checks to clear.

22 Also, Debtor has a merchant account the Debtor requests maintain active for a period of  
23 sixty (60) days from the Petition Date.

24 I declare under penalty of perjury under the laws of the United States of America that the  
25 foregoing is true and correct. Executed at \_\_\_\_\_, California.

26  
27 Dated: May 24, 2018

By: \_\_\_\_\_

Yu "Brian" Zheng



**Search:** Public Records : Uniform Commercial Code Filings  
**Terms:** company(Playhut, Inc.)

<u>No.</u>	<u>Debtor</u>	<u>Filing</u>	<u>Secured Party</u>
1	PLAYHUT, INC. 368 CHERYL LN WALNUT, CA 91789-3073	JUDGMENT LIEN NUMBER: 187645924197 DATE: 04/26/2018 JURISDICTION: CA	HANGZHOU CHINA TEXTILE IMPORT AND EXPORT CO., LTD. 1601 N SEPULVEDA BLVD MANHATTAN BEACH, CA 90266-5111
2	PLAYHUT 368 CHERYL LN WALNUT, CA 91789-3073  PLAYHUT, INC. 368 CHERYL LN WALNUT, CA 91789-3073	FINANCING STATEMENT NUMBER: 177586810023 DATE: 05/23/2017 JURISDICTION: CA  TERMINATION DATE: 01/23/2018 NUMBER: 1876293679	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE PO BOX 2576 SPRINGFIELD, IL 62708-2576
3	PLAYHUT, INC. 368 CHERYL LN WALNUT, CA 91789-3073  PLAYHUT.COM INC. 368 CHERYL LN WALNUT, CA 91789-3073 DIGIHUT, INC. 368 CHERYL LN WALNUT, CA 91789-3073 H20TOO, INC. 368 CHERYL LN WALNUT, CA 91789-3073 ZHENG, YU 19901 TENNESSEE TRL WALNUT, CA 91789-4914 AMERICAN GREENSPAY INTERNATIONAL COMPANY, INC. 368 CHERYL LN WALNUT, CA 91789-3073 PATENT CATEGORY CORP.	FINANCING STATEMENT NUMBER: 177585621759 DATE: 05/15/2017 JURISDICTION: CA	C T CORPORATION SYSTEM, AS REPRESENTATIVE 330 N BRAND BLVD STE 700 GLENDALE, CA 91203-2336

<u>No.</u>	<u>Debtor</u>	<u>Filing</u>	<u>Secured Party</u>
	368 CHERYL LN WALNUT, CA 91789-3073 NEARBYKITCHEN, LLC 368 CHERYL LN WALNUT, CA 91789-3073 AZILLION LLC 368 CHERYL LN WALNUT, CA 91789-3073 AZOOCA, INC. 368 CHERYL LN WALNUT, CA 91789-3073 ICHEF INC 368 CHERYL LN WALNUT, CA 91789-3073		
4	<b>PLAYHUT INC</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>	FINANCING STATEMENT NUMBER: 167540780210 DATE: 08/10/2016 JURISDICTION: CA TERMINATION DATE: 01/18/2017 NUMBER: 1775670096	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE PO BOX 2576 SPRINGFIELD, IL 62708-2576
5	<b>PLAYHUT, INC.</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>	FINANCING STATEMENT NUMBER: 117291071362 DATE: 11/15/2011 JURISDICTION: CA	TOSHIBA AMERICA BUSINESS SOLUTIONS, INC. PO BOX 35701 BILLINGS, MT 59107-5701
6	WEI CHENG, EDWARD BO 1053 E COVINA HILLS RD COVINA, CA 91724-3621 MCMILLIN, ADRIANNA 1053 E COVINA HILLS RD COVINA, CA 91724-3621 TIME TO PLAY CORPORATION LIMITED, A CALIFORNIA CORPORATION 2149 E GARVEY AVE N STE A6	JUDGMENT LIEN NUMBER: 107223068120 DATE: 02/16/2010 JURISDICTION: CA	<b>PLAYHUT, INC.</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>

<u>No.</u>	<u>Debtor</u>	<u>Filing</u>	<u>Secured Party</u>
	WEST COVINA, CA 91791-1508		
7	<b>PLAYHUT INC</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>	FINANCING STATEMENT NUMBER: 097205217003 DATE: 08/10/2009 JURISDICTION: CA CONTINUATION DATE: 06/10/2014 NUMBER: 1474151943	PREFERRED BANK 601 S FIGUEROA ST FL 29 LOS ANGELES, CA 90017-5734
8	<b>PLAYHUT, INC.</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>	FINANCING STATEMENT NUMBER: 087163040817 DATE: 06/25/2008 JURISDICTION: CA UCC3 ASSIGNMENT DATE: 04/02/2009 NUMBER: 0971924044 ASSIGNMENT DATE: 04/02/2009 NUMBER: 0971924044 CONTINUATION DATE: 05/08/2013 NUMBER: 1373596824 TERMINATION DATE: 08/29/2017 NUMBER: 1776031018	KEY EQUIPMENT FINANCE, INC. AS AGENT 1000 S MCCASLIN BLVD SUPERIOR, CO 80027-9437 AEL FINANCIAL, LLC. 600 N BUFFALO GROVE RD BUFFALO GROVE, IL 60089-2434
9	<b>PLAYHUT, INC.</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>	FINANCING STATEMENT NUMBER: 087154470561 DATE: 04/15/2008 JURISDICTION: CA UCC3 ASSIGNMENT DATE: 01/07/2009 NUMBER: 0971838053 ASSIGNMENT DATE: 01/07/2009 NUMBER: 0971838053 CONTINUATION DATE: 04/03/2013 NUMBER: 1373543998 TERMINATION	KEY EQUIPMENT FINANCE, INC. AS AGENT 1000 S MCCASLIN BLVD SUPERIOR, CO 80027-9437 AEL FINANCIAL, LLC 600 N BUFFALO GROVE RD BUFFALO GROVE, IL 60089-2434

<u>No.</u>	<u>Debtor</u>	<u>Filing</u>	<u>Secured Party</u>
		DATE: 08/29/2017 NUMBER: 1776031017	
10	<b>PLAYHUT, INC.</b> <b>368 CHERYL LN</b> <b>WALNUT, CA 91789-3073</b>	FINANCING STATEMENT NUMBER: 057043161491 DATE: 09/28/2005 JURISDICTION: CA UCC3 CONTINUATION DATE: 08/19/2010 NUMBER: 1072422583 CONTINUATION DATE: 08/19/2010 NUMBER: 1072422583 CONTINUATION DATE: 08/12/2015 NUMBER: 1574799109	PREFERRED BANK 601 S FIGUEROA ST FL 20TH LOS ANGELES, CA 90017-5704

Search: Public Records: Uniform Commercial Code Filings  
Terms: company(Playhut, Inc.)  
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**Playhut, Inc.**  
**13 Week Cash Flow Projections**  
**As of May 23, 2018**

Week #	1	2	3	4	5	6	7	8	9	10	11	12	13
Week, Begin. Monday	5/28/2018	6/4/2018	6/11/2018	6/18/2018	6/25/2018	7/2/2018	7/9/2018	7/16/2018	7/23/2018	7/30/2018	8/6/2018	8/13/2018	8/20/2018
Beginning Cash	\$ 58,128	\$ 76,028	\$ 49,128	\$ 179,128	\$ 141,628	\$ 205,528	\$ 108,628	\$ 123,628	\$ 111,128	\$ 181,128	\$ 130,128	\$ 170,128	\$ 142,628
Collections, Pre-Petit.	50,000	56,000	135,000	65,000	85,000	36,000	40,000	65,000	75,000	70,000	45,000	50,000	50,000
Collections, Post-Petit.													
Letter of Credit	28,000												
DIP Financing, Net					500,000								
Total Cash Receipts	78,000	56,000	135,000	65,000	585,000	36,000	40,000	65,000	75,000	70,000	45,000	50,000	50,000
Cash Disbursements													
Inventory Purchase					500,000								
Royalties													
Equipment Leases		4,200				4,200				4,200			
Payroll		70,000		70,000		70,000		70,000		70,000		70,000	
Rent													
Utilities	5,000				6,000					8,000			
Insurance	10,100				10,100					10,100			
Supplies		1,200				1,200				1,200			
Moving Expense	30,000					50,000							
Freight (In/Out)		2,500		2,500		2,500		2,500		2,500		2,500	
Misc. Expenses	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Commissions	10,000			25,000			20,000			20,000			20,000
Total Cash Disburse.	60,100	82,900	5,000	102,500	521,100	132,900	25,000	77,500	5,000	121,000	5,000	77,500	25,000
Ending Cash	\$ 76,028	\$ 49,128	\$ 179,128	\$ 141,628	\$ 205,528	\$ 108,628	\$ 123,628	\$ 111,128	\$ 181,128	\$ 130,128	\$ 170,128	\$ 142,628	\$ 167,628

**Notes:**

DIP Financing: Debtor is in the process of obtaining DIP financing for its post-Petition ordinary course business. Cash conversion cycle is about 14 weeks from purchase order.

Royalties: Debtor periodically pays royalties for use of licensed trademarks.

Rent: Debtor moved into entered into new real property lease the week of 5/14/18, and prepaid deposit and initial month's rent. Subsequent rent is due on 8/15/18.

Moving Expense: Debtor anticipates finishing its downsizing by early July 2018.

Commissions: Debtor pays commissions to third party sales agents/brokers.

Insurance: Premiums are paid monthly for 10 months.

Exhibit 3

Accounts Receivable Aged Invoice Report  
Sorted by Customer Number  
All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 00 MAIN DIVISION

Customer/ Invoice Date	Invoice Number	Due Dates		Discount Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Days
		Invoice	Discount								Delq
0000001	WAL-MART CANADA CORP	Contact: _____ Phone: 905-821-2111									
	Customer 0000001 Totals:			0.00	7,636.05	0.00	0.00	0.00	0.00	7,636.05	
0000002	WAL-MART STORES, INC.	Contact: _____ Phone: 479-273-4000									
	Customer 0000002 Totals:			0.00	72,518.56	27,966.40	1,125.92	33,292.96	8,716.80	1,416.48	
0000004	WAL-MART.COM	Contact: _____ Phone: 479-273-4000									
	Customer 0000004 Totals:			0.00	107,861.67	42,392.47	2,838.50	1,677.46	16,080.50	44,872.74	
0000012	Stage-Specialty Retailers, Inc	Contact: _____ Phone: (713) 331-4971									
	Customer 0000012 Totals:			0.00	197.88	0.00	0.00	0.00	0.00	197.88	
0000013	FUN.COM	Contact: _____ Phone: 507-386-0207									
	Customer 0000013 Totals:			0.00	6,104.00	6,104.00	0.00	0.00	0.00	0.00	
0000185	NORDSTROM	Contact: _____ Phone: 206-303-5741									
	Customer 0000185 Totals:			0.00	858.40	0.00	0.00	34,316.00	0.00	35,174.40	
Division 00 Totals:				0.00	195,176.56	76,462.87	3,964.42	654.42	24,797.30	89,297.55	
Number of Customers: 6											

Accounts Receivable Aged Invoice Report  
Sorted by Customer Number  
All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 11 EAST DIVISION

Customer/ Invoice Date	Invoice Number	Due Dates		Discount Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Days Delq
		Invoice	Discount								
0000001	AZOOCA, INC	Contact:				Phone: 909-869-8083					
		Customer 0000001 Totals:		0.00	22,045.28	0.00	22,045.28	0.00	0.00	0.00	
0000004	STEIN MART	Contact:				Phone: 904-346-1500					
		Customer 0000004 Totals:		0.00	267.48	126.99	53.99	86.50	0.00	0.00	
0000200	HASBRO PROMOTIONS DIRECT	Contact:				Phone: 401-280-2474					
		Customer 0000200 Totals:		0.00	2,211.00	2,211.00	0.00	0.00	0.00	0.00	
0000207	JC PENNEY COMPANY, INC.	Contact:				Phone: 800-709-9090					
		Customer 0000207 Totals:		0.00	377.82	0.00	8.50	369.32	0.00	0.00	
0000216	TOYS R US - USA	Contact:				Phone: 844-846-0958		Extension: 12509			
		Customer 0000216 Totals:		0.00	903,202.60	82,169.72	32,079.00	281,240.56	70,507.60	437,205.72	
0000247	QVC, INC.	Contact: MONICA O'NEAL				Phone: 484-701-1000					
		Customer 0000247 Totals:		0.00	15,506.09	0.00	0.00	0.00	0.00	15,506.09	
0000272	MARSHALLS	Contact: DEPT. 45				Phone: (508) 390-3407					
		Customer 0000272 Totals:		0.00	3,713.20	0.00	0.00	0.00	0.00	3,713.20	
0000282	FLEET WHOLESALE SUPPLY CO. INC.	Contact:				Phone: (414) 731-8121					
		Customer 0000282 Totals:		0.00	1,293.41	0.00	0.00	0.00	0.00	1,293.41	
0000289	MODECRAFT FASHIONS/BURLINGTON	Contact:				Phone: 609/387-7800		Extension: 72589			
		Customer 0000289 Totals:		0.00	41,967.00	41,967.00	0.00	0.00	0.00	0.00	
0000295	NEWTON BUYING CORP/MarMaxx	Contact: DEPT. 45				Phone: 508/390-3000					
		Customer 0000295 Totals:		0.00	300,886.90	191,668.26	109,218.64	0.00	0.00	0.00	
0000332	AAFES	Contact:				Phone: (214)-465-6672					
		Customer 0000332 Totals:		0.00	26,776.00	0.00	0.00	0.00	0.00	26,776.00	
0000418	S&S WORLDWIDE GAMES	Contact:				Phone: 860-537-3451		Extension: 2202			
		Customer 0000418 Totals:		0.00	845.46	0.00	0.00	0.00	611.58	233.88	
0000420	BUY BUY BABY	Contact:				Phone: 908-688-0888		Extension: 4027			
		Customer 0000420 Totals:		0.00	13,448.92	1,191.73	0.00	0.00	807.03	11,450.16	
0000421	BED BATH AND BEYOND.COM	Contact:				Phone: 908-688-0888		Extension: 4027			
		Customer 0000421 Totals:		0.00	4,518.00	2,128.59	0.00	0.00	2,389.41	0.00	
0000422	BED, BATH, AND BEYOND BBB	Contact: Ruth X-4027				Phone: (908) 688-0888		Extension: 4027			
		Customer 0000422 Totals:		0.00	467.48	0.00	0.00	0.00	0.00	467.48	
0000481	WAYFAIR, LLC	Contact: FEDEX ACCT. 346593300				Phone: 617-532-6100					
		Customer 0000481 Totals:		22.72	1,135.62	722.72	59.99	0.00	340.92	11.99	
0000489	Hayneedle Inc	Contact:				Phone: 402-715-3000					
		Customer 0000489 Totals:		0.00	3,490.34	482.77	62.96	41.97	1,776.23	1,126.41	
		Division 11 Totals:		22.72	1,308,553.60	322,668.78	163,528.36	281,738.35	76,432.77	464,185.34	
		Number of Customers: 17									

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Accounts Receivable Aged Invoice Report  
Sorted by Customer Number  
All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 22 WEST DIVISION

Customer/ Invoice Date	Invoice Number	Due Dates		Discount							Days	
		Invoice	Discount	Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Delq	
0000710	KAPLAN SCHOOL SUPPLY COMPANIES	Contact:	MARY CHAMBERS		Phone:		336-766-7374					
		Customer 0000710 Totals:	0.00	1,035.00	1,035.00	0.00	0.00	0.00	0.00	0.00		
0000752	SCHOOL SPECIALTY, INC	Contact:	Michael- Invoices		Phone:		920-882-5850					
		Customer 0000752 Totals:	0.00	5,497.04	720.00	0.00	0.00	0.00	0.00	4,777.04		
		Division 22 Totals:	0.00	6,532.04	1,755.00	0.00	0.00	0.00	0.00	4,777.04		
		Number of Customers: 2										

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Accounts Receivable Aged Invoice Report

Sorted by Customer Number

All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 77

Customer/ Invoice Date	Invoice Number	Due Dates		Discount Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Days Delq	
		Invoice	Discount									
0000001	TARGET STORES			Contact: Glenn Sylvia		Phone: 612/304-6073						
		Customer 0000001 Totals:		0.00	19,583.93-	0.00	0.00	0.00	0.00	19,583.93-		
0000011	BLUESTEM BRANDS, INC- DS			Contact:		Phone: 320-654-3921						
		Customer 0000011 Totals:		0.00	6,899.37	2,692.04	25.24	13.24	2,274.76	1,894.09		
		Division 77 Totals:		0.00	12,684.56-	2,692.04	25.24	13.24	2,274.76	17,689.84-		
		Number of Customers: 2										

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Accounts Receivable Aged Invoice Report

Sorted by Customer Number

All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 98 AMAZON SELLER CENTRAL

Customer/ Invoice Date	Invoice Number	Due Dates		Discount Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Days Delq
0000000		AMAZON SELLER CENTRAL		Contact:		Phone:					
Customer 0000000 Totals:				0.00	578.63	65.04	170.32	343.27	0.00	0.00	
Division 98 Totals:				0.00	578.63	65.04	170.32	343.27	0.00	0.00	
Number of Customers: 1											

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Accounts Receivable Aged Invoice Report  
Sorted by Customer Number  
All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 99 TEMPORARY CUSTOMERS

Customer/ Invoice Date	Invoice Number	Due Dates		Discount Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Days Delq
		Invoice	Discount								
0000004	HOZZ SHOP LLC	Contact:				Phone: 650-326-3000					
		Customer 0000004 Totals:		0.00	183.91	0.00	41.98	21.99	0.00	119.94	
0000111	M.P.A. SALES	Contact:				Phone:					
		Customer 0000111 Totals:		0.00	105,128.64	105,128.64	0.00	0.00	0.00	0.00	
0000254	VARIETY WHOLESALERS, INC.	Contact:				Phone: 252-430-2600					
		Customer 0000254 Totals:		0.00	21,828.00	21,828.00	0.00	0.00	0.00	0.00	
0000525	OLLIE'S BARGAIN OUTLET, INC.	Contact:	SCARLET SMITH			Phone: 717-657-2300					
		Customer 0000525 Totals:		0.00	97,486.20	97,486.20	0.00	0.00	0.00	0.00	
0000996	BOSCOV'S	Contact:	Charlene			Phone: (610) 779-2000		Extension: 1			
		Customer 0000996 Totals:		0.00	8,883.96	8,614.00	0.00	0.00	0.00	269.96	
0001518	GRANT & BOWMAN, INC.	Contact:				Phone: 310-275-0110					
		Customer 0001518 Totals:		0.00	381,561.25	381,561.25	0.00	0.00	0.00	0.00	
0002010	GROUPON GOODS, INC.	Contact:				Phone:					
		Customer 0002010 Totals:		0.00	4,337.00	0.00	120.00	270.97	624.00	3,322.03	
0002312	ZULILY	Contact:				Phone: 877-779-5614					
		Customer 0002312 Totals:		0.00	5,286.52	4,881.72	404.80	0.00	0.00	0.00	
0002515	HASTINGS ENTERTAINMENT, INC. *** On Credit Hold ***	Contact:				Phone: 806-351-2300					
		Customer 0002515 Totals:		0.00	1,710.00	0.00	0.00	0.00	0.00	1,710.00	
0002676	AMAZON.COM, INC. (PLGK9_MAIN)	Contact:				Phone: 206-266-1000					
		Customer 0002676 Totals:		0.00	73,609.35	72,709.39	0.00	0.00	408.00	491.96	
0002679	AMAZON.COM, INC. DS	Contact:				Phone: 206-266-1000					
		Customer 0002679 Totals:		0.00	355.54	254.96	100.58	0.00	0.00	0.00	
0002694	BENNY'S INC.	Contact:				Phone: 401-231-1000					
		Customer 0002694 Totals:		0.00	948.00	0.00	0.00	0.00	0.00	948.00	
0002855	LEON KOROL COMPANY, INC.	Contact:				Phone: (847) 956-1616					
		Customer 0002855 Totals:		0.00	52.20	0.00	0.00	0.00	0.00	52.20	
0002877	OVERSTOCK.COM	Contact:				Phone: (801) 947-3120					
		Customer 0002877 Totals:		0.00	3,553.67	658.23	218.65	439.79	1,166.76	1,070.24	
0002883	ROSS STORES, INC.	Contact:	JEANNY MILLER			Phone: (925) 965-4318					
		Customer 0002883 Totals:		0.00	10,950.00	10,950.00	0.00	0.00	0.00	0.00	
0002892	PORTABLE CHURCH INDUSTRIES	Contact:				Phone: (248) 585-9540					
		Customer 0002892 Totals:		0.00	675.00	0.00	252.00	423.00	0.00	0.00	
0002931	TOYS 'R' US - CANADA	Contact:	MARK ROBINSON			Phone: (905) 660-2000		Extension: 2545			
		Customer 0002931 Totals:		0.00	10.00	0.00	0.00	0.00	0.00	10.00	
0002952	KOHL'S.COM	Contact:				Phone: 262-703-7000					
		Customer 0002952 Totals:		0.00	39,178.50	1,620.00	0.00	0.00	0.00	37,558.50	

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Accounts Receivable Aged Invoice Report

Sorted by Customer Number

All Open Invoices - Aged as of 5/22/2018

PLAYHUT, INC. (PHI)

Division Number: 99 TEMPORARY CUSTOMERS

Customer/ Invoice Date	Invoice Number	Due Dates		Discount Amount	Balance	Current	30 Days	60 Days	90 Days	120 Days	Days Delq
0003036	JOHNSON SMITH COMPANY	Contact:		Phone: 941-747-5566							
		Customer 0003036 Totals:		21.83	1,091.40	0.00	0.00	0.00	0.00	1,091.40	
0003062	H-E-B Grocery Company	Contact:		Phone: 210-938-9538							
		Customer 0003062 Totals:		0.00	400.00	0.00	0.00	150.00	150.00	100.00	
0003088	AERO TRADING INC.	Contact:		Phone: ERIN GROPER							
		Customer 0003088 Totals:		0.00	321.00	0.00	0.00	0.00	0.00	321.00	
0003883	ROSS STORES, INC./D'D'S DISC.	Contact:		Phone: JEANNY MILLER (925) 965-4318							
		Customer 0003883 Totals:		0.00	9,168.92	9,168.92	0.00	0.00	0.00	0.00	
0005142	ALCO STORES, INC. *** On Credit Hold ***	Contact:		Phone:							
		Customer 0005142 Totals:		0.00	17,033.07	0.00	0.00	0.00	0.00	17,033.07	
0008450	KIDS WAREHOUSE	Contact:		Phone: 908-943-0355							
		Customer 0008450 Totals:		0.00	31,608.20	0.00	7,965.36	0.00	23,642.84	0.00	
0088447	HOMESENSE	Contact:		Phone: 905-405-7674							
		Customer 0088447 Totals:		0.00	5,290.52	5,290.52	0.00	0.00	0.00	0.00	
0088459	FARMACIAS ALIADAS, INC.	Contact:		Phone: ARLENE VILLALI 787-746-8878							
		Customer 0088459 Totals:		0.00	265.60-	0.00	0.00	0.00	0.00	265.60-	
0088464	CANADIAN TIRE CORPORATION	Contact:		Phone: 416-480-3000							
		Customer 0088464 Totals:		0.00	2,452.80	0.00	0.00	0.00	0.00	2,452.80	
0088470	URM STORES, INC	Contact:		Phone: 509-467-2920							
		Customer 0088470 Totals:		0.00	1,464.83	1,464.81	0.00	0.00	0.00	0.02	
0099459	THE BAZAAR, INC.	Contact:		Phone: 708-583-1800							
		Customer 0099459 Totals:		0.00	21,583.00	0.00	21,583.00	0.00	0.00	0.00	
0099462	UNBEATABLESALE.COM, INC.	Contact:		Phone: 732-363-0606							
		Customer 0099462 Totals:		0.00	3,312.43	915.93	250.47	121.45	287.37	1,737.21	
0884713	UNIFIED GROCERS	Contact:		Phone: 323-264-5200							
		Customer 0884713 Totals:		0.00	1,426.88	0.00	0.00	497.96	0.00	928.92	
		Division 99 Totals:		21.83	850,625.19	722,532.57	30,936.84	1,925.16	26,278.97	68,951.65	
		Number of Customers: 31									
		Report Totals:		44.55	2,348,781.46	1,126,176.30	198,625.18	284,674.44	129,783.80	609,521.74	
		Number of Customers: 59									

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Inventory Valuation Report by Period

Sorted by Item Code

For Period Ending: 05/31/2018

Unit Cost to Use for Standard Cost Items: Historical

PLAYHUT, INC. (PHI)

Item Code/Description	Product		Valuation	Unit of		Quantity On		Unit Cost	Inventory Value
	Line	Product Type		Measure	Whse	Hand			
01407-04B 3 in 1 Collapsible Game Zone	S	Finished Good	Average Cost	EACH	001	8		8.500	68.00
					888	9		8.500	76.50
					Item 01407-04B Total:		17	8.500	144.50
10515-52R Beauty Boutique	ST	Finished Good	Average Cost	EACH	000	1,439		8.914	12,827.80
10847-61B Luxury House	ST	Finished Good	FIFO	EACH	001	10		20.420	204.20
10847-62R Luxury House	ST	Finished Good	Average Cost	EACH	000	20		23.633	472.65
11512DT-4R Deluxe Playhouse-Disney Prince	DPIN	Finished Good	Average Cost	EACH	001	7		11.084	77.59
11603TT-10P Vehicle-Thomas	TTT	Finished Good	Average Cost	EACH	002	4,688		0.000	0.00
11603TT-2T Vehicle-Thomas	TTT	Finished Good	Average Cost	EACH	000	880		8.003	7,042.60
11603TT-4F Vehicle-Thomas	TTT	Finished Good	Average Cost	EACH	000	3		7.520	22.56
11603TT-4T Vehicle-Thomas	TTT	Finished Good	Average Cost	EACH	000	3,425		7.663	26,244.93
					002	4,688		6.350	29,768.80
					Item 11603TT-4T Total:		8,113	6.904	56,013.73
16900-6R 3-in-1 Sports Arcade	S	Finished Good	Average Cost	EACH	000	493		5.514	2,718.60
17004-4R Megaland	ST	Finished Good	Average Cost	EACH	000	97		19.377	1,879.60
17005-6R1 Crawl N Play	ST	Finished Good	Average Cost	EACH	000	0		0.000	21.12
17303-6R Raptor-Hunting Blind	O	Finished Good	Average Cost	EACH	000	4		6.640	26.56
19028-24R FD Girls Classic Hideaway Asst	ASST	Kit	Average Cost	EACH	000	0		0.000	0.02
21619TT-3F Vehicle-Thomas w Caboose	TTT	Finished Good	Average Cost	EACH	000	568		10.972	6,232.33
23701DT-4R1 Playville-Cars	DCAR	Finished Good	Average Cost	EACH	888	9		9.366	84.29
26606-4R Vehicle-Fire Engine	V	Finished Good	Average Cost	EACH	000	5		6.772	33.86
26700-4R Tunnel-NL 6 ft.	ST	Finished Good	Average Cost	EACH	000	2,716		6.589	17,894.74
27010-28S Costco Super Hexagon Hut (Pall	ST	Finished Good	Average Cost	EACH	001	19		16.900	321.10
					888	369		16.900	6,236.10
					Item 27010-28S Total:		388	16.900	6,557.20
27033-4R1 Mega Fun	ST	Finished Good	Average Cost	EACH	000	3,511		16.111	56,566.88
29034-4R Mystixx Vampires-Asst	ASST	Kit	Average Cost	EACH	000	0		0.000	2.43
32830SR-4T Character Hut-Hello Kitty	HK	Finished Good	Average Cost	EACH	000	7		9.296	65.07
34351DT-4T Hide N Play-Minnie Mouse	DMIN	Finished Good	Average Cost	EACH	000	3		5.107	15.32
36616-4T Vehicle-School Bus	V	Finished Good	Average Cost	EACH	000	2,018		5.995	12,097.91
36617-4T Vehicle-Fire Engine	V	Finished Good	Average Cost	EACH	000	1,842		6.145	11,319.94
37104-2V Ball Pack (150)	BZ	Finished Good	Average Cost	EACH	000	565		5.565	3,144.10
39065-46T Classic Hideaway-Asst-Boys	ASST	Kit	Average Cost	EACH	000	0		0.000	0.02
39065-6T1 Classic Hideaway-Asst-Boys	ASST	Kit	Average Cost	EACH	000	0		0.000	1.90
39066-46T Classic Hideaway-Asst-Girls	ASST	Kit	Average Cost	EACH	000	78		2.521	196.64
39066-6T1 Classic Hideaway-Asst-Girls	ASST	Kit	Average Cost	EACH	000	0		0.000	0.39
41206DT-4T Discovery Hut-Mickey	MM	Finished Good	Average Cost	EACH	000	4,142		6.366	26,369.01
41209NK-4T Adventure Hut-TMNT	NIJI	Finished Good	Average Cost	EACH	000	500		5.391	2,695.49
41213DT-4T Discovery Hut-Minnie	DMIN	Finished Good	Average Cost	EACH	000	1		6.600	6.60
41222DT-4T Adventure Hut-Disney Princess	DPIN	Finished Good	Average Cost	EACH	000	111		6.894	765.21
41404DT-4T Classic Hideaway-Disney Prince	DPIN	Finished Good	Average Cost	EACH	000	2		2.670	5.34
41406DT-4T Classic Hideaway-Doc McStuffin	DOC	Finished Good	Average Cost	EACH	000	1		2.720	2.72
41414US-4T Classic Hideaway-Despicable Me	UNIV	Finished Good	Average Cost	EACH	000	2		2.995	5.99
41600NK-4T Vehicle-TMNT Shell Raiser	NIJI	Finished Good	Average Cost	EACH	000	2,099		11.989	25,165.95
					002	2,816		10.600	29,849.60
					Item 41600NK-4T Total:		4,915	11.193	55,015.55
41600NK-8P Vehicle-TMNT Shell Raiser	NIJI	Finished Good	Average Cost	EACH	002	2,816		0.000	0.00
41601DT-4T Vehicle-Jake Coconut Shooter	DJAK	Finished Good	Average Cost	EACH	000	64		11.725	750.39
41907NK-4T 3-in-1 Toss N Shoot-TMNT	NIJI	Finished Good	Average Cost	EACH	888	3		5.570	16.71
41967DT-4T1 Triple Shot Game Center-Mickey	MM	Finished Good	Average Cost	EACH	000	2		4.460	8.92
41968DT-4T Triple Shot Game Center-Sofia	DSOF	Finished Good	Average Cost	EACH	000	1		4.690	4.69
41968DT-4T1 Triple Shot Game Center-Sofia	DSOF	Finished Good	Average Cost	EACH	000	29		4.456	129.23

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PLAYHUT, INC. (PHI)

Item Code/Description	Product		Valuation	Unit of		Quantity On		Unit Cost	Inventory Value
	Line	Product Type		Measure	Whse	Hand			
43009DT-4T Mickey Choo Choo	MM	Finished Good	Average Cost	EACH	000	60		16.301	978.06
43009DT-4T1 Mickey Choo Choo	MM	Finished Good	Average Cost	EACH	000	5,014		16.218	81,315.42
43820NK-2T1 Paw Patrol Look Out Center	PAWP	Finished Good	Average Cost	EACH	000	946		11.675	11,044.49
43823DT-4T Frozen Royal Castle	DFRZ	Finished Good	Average Cost	EACH	000	3,434		10.705	36,761.17
43825DT-2T Mega Castle-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	4		12.483	49.93
43826DT-4T Elsa Ice Castle	DFRZ	Finished Good	Average Cost	EACH	000	130		27.234	3,540.39
44606NK-4R Light Up Tent-TMNT	NIJI	Finished Good	Average Cost	EACH	000	0		0.000	0.01
44645DT-4T 2 in 1 Tent - Frozen	DFRZ	Finished Good	Average Cost	EACH	000	1,769		7.071	12,509.06
45011NK-4T Hide About-TMNT	NIJI	Finished Good	Average Cost	EACH	000	55		4.361	239.87
45014MV-4T Hide About-Spider-man	MARV	Finished Good	Average Cost	EACH	002	4-		4.195	16.78-
45016DT-4T Hide About-Solia	DSOF	Finished Good	Average Cost	EACH	000	1		4.290	4.29
45017DT-4T Hide About-Jake	DJAK	Finished Good	Average Cost	EACH	000	25		4.305	107.62
45021DT-4T Hide About-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	2		4.535	9.07
47031-2T Luxury Town House	EZ	Finished Good	Average Cost	EACH	000	1,590		19.136	30,426.78
49014-44P Discovery Hut Asst.-Girls	ASST	Kit	Average Cost	EACH	000	0		0.000	3.72-
49062-53T Hide About Asst.-WM	ASST	Kit	Average Cost	EACH	000	0		0.000	0.02
49069-54T1 Discovery Hut Asst.-Girls	ASST	Kit	Average Cost	EACH	000	4		6.858	27.43
49084-64T Vehicle Asst.-Fire Engine and	ASST	Kit	Average Cost	EACH	000	0		0.000	0.01-
49084-64T1 Vehicle Asst.-Fire Engine and	ASST	Kit	Average Cost	EACH	000	128		5.419	693.63
49088-44T Action Asst.-Boys	ASST	Kit	Average Cost	EACH	000	760		10.677	8,114.22
49088-74T Action Asst.-Cars	ASST	Kit	Average Cost	EACH	000	28		9.644	270.04
49094-54T Discovery Hut Asst.-Mickey	MM	Finished Good	Average Cost	EACH	000	4		6.818	27.27
49099-114P Classic Hideaway Asst.	ASST	Kit	Average Cost	EACH	000	0		0.000	11.78
51215DT-4T Discovery Hut-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	2		6.340	12.68
51220NK-4T TMNT New Adventure	NIJI	Finished Good	Average Cost	EACH	000	9		6.711	60.40
51426DT-4T1 Classic Hideaway-Disney Prince	DPIN	Finished Good	Average Cost	EACH	000	0		0.000	0.01
51603NK-2T Vehicle-Paw Patrol Marshalls F	PAWP	Finished Good	Average Cost	EACH	000	483		0.000	0.00
51603NK-4T Vehicle-Paw Patrol Marshalls F	PAWP	Finished Good	Average Cost	EACH	000	1,255		12.604	15,818.04
51604NK-4T Vehicle-Paw Patrol Chase Polic	PAWP	Finished Good	Average Cost	EACH	000	2,763		12.439	34,368.83
51805DT-4T Ball Pit- Frozen	DFRZ	Finished Good	Average Cost	EACH	000	22		5.765	126.82
51927NK-4T Triple Shot Game Center-TMNT	NIJI	Finished Good	Average Cost	EACH	000	140		4.475	626.51
52600NK-4T 2 in 1 Tent - Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	149		6.825	1,016.92
52815DT-4T Solia's Magical World	DSOF	Finished Good	Average Cost	EACH	000	827		12.442	10,289.74
52840DT-4T Frozen Castle	DFRZ	Finished Good	Average Cost	EACH	000	20		10.450	208.99
52849SS-4S Sesame Street Hoopers Store	SEA	Finished Good	Average Cost	EACH	000	171		8.297	1,418.79
52859DT-4T Make Believe N Play- Frozen	DFRZ	Finished Good	Average Cost	EACH	000	30		11.964	358.93
52860NK-4T Make Believe N Play- Paw Patro	PAWP	Finished Good	Average Cost	EACH	000	22		12.088	265.94
52863DT-4T Minnie Pet Salon	DMIN	Finished Good	Average Cost	EACH	000	2-		13.530	27.06-
52864NK-4T Paw Patrol PAWsome Play Tent	PAWP	Finished Good	Average Cost	EACH	000	44		19.355	851.62
52867NK-4T Make Believe N Play- TMNT	NIJI	Finished Good	Average Cost	EACH	000	245		12.085	2,960.89
53762-01152-04R TOY STORY BUZZ ROCKET	DTOY	Finished Good	Average Cost	EACH	001	6		9.498	56.99
53762-01153-W Travel Cot-Girls	O	Finished Good	Average Cost	EACH	001	67		11.000	737.00
					888	4		11.000	44.00
Item 53762-01153-W Total:						71		11.000	781.00
53762-01154-W BOYS TRAVEL COT	O	Finished Good	Average Cost	EACH	001	73		11.000	803.00
53762-01407-04B 3-in-1 Game Zone	S	Finished Good	Average Cost	EACH	001	18		0.000	0.00
53762-01407-04R 3 in 1 Collapsible Game Zone (	S	Finished Good	Average Cost	EACH	888	9-		8.500	76.50-
53762-10085-84B CAT HUT (QVC EXCLUSIVE) (FALL	EZ	Finished Good	FIFO	EACH	001	1		13.500	13.50
53762-10124-82B Disney Cars Cozy Lounger ( Fal	DCAR	Finished Good	FIFO	EACH	001	85		9.150	777.75
53762-10125-82B Disney Princess Cozy Lounger (	DPIN	Finished Good	FIFO	EACH	001	49		9.150	448.35
53762-10125-82R Disney Princess Cozy Lounger	DPIN	Finished Good	Average Cost	EACH	001	18		0.000	0.00
53762-10441-46R Tunnel-Wiggly Worm	ST	Finished Good	Average Cost	EACH	000	115		6.764	777.87
53762-10475-94R Clone Wars Control Room	STAR	Finished Good	Average Cost	EACH	001	2		10.365	20.73

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Item Code/Description	Product		Valuation	Unit of		Quantity On		Unit Cost	Inventory Value
	Line	Product Type		Measure	Whse	Hand			
53762-10478-94R Disney Princess Super Playhous	DPIN	Finished Good	Average Cost	EACH	001	47		13.560	637.32
53762-10514-94R X-9 Rocket	ST	Finished Good	Average Cost	EACH	001	22		8.482	186.60
53762-10561-92R Elmo Hide N Fun	SEA	Finished Good	Average Cost	EACH	001	5		5.100	25.50
53762-10592-84R Mickey Mouse Clubhouse Super P	MM	Finished Good	Average Cost	EACH	001	3		14.317	42.95
53762-10593 DISNEY FAIRIES SUPER PLAY HOUS	DFAI	Finished Good	Average Cost	EACH	001	6		13.300	79.80
53762-10593-84B DISNEY FAIRIES SUPER PLAY HOUS	DFAI	Finished Good	Average Cost	EACH	001	100		13.300	1,330.00
53762-10593-84R Disn Fairies Super Play House	DFAI	Finished Good	Average Cost	EACH	001	2		15.610	31.22
53762-10594 DISNEY PRINCESS SUPER PLAY HOU	DPIN	Finished Good	FIFO	EACH	001	17		15.770	268.09
53762-10594-84B DISNEY PRINCESS SUPER PLAY HOU	DPIN	Finished Good	Average Cost	EACH	001	338		14.000	4,732.00
53762-10594-84R Disney Princess Super Play Hou	DPIN	Finished Good	FIFO	EACH	001	16		16.088	257.41
53762-10595 CARS SUPER PLAY HOUSE ( 4 PACK	DCAR	Finished Good	FIFO	EACH	001	15		13.060	195.90
53762-10595-84B CARS SUPER PLAY HOUSE ( 4 PACK	DCAR	Finished Good	FIFO	EACH	001	249		13.060	3,251.94
53762-10595-84R Cars Super Play House	DCAR	Finished Good	FIFO	EACH	001	55		15.198	835.89
53762-10597 CLONE WARS SUPER PLAYHOUSE (4P	STAR	Finished Good	Average Cost	EACH	001	5		13.060	65.30
53762-10597-84B CLONE WARS SUPER PLAY HOUSE (	STAR	Finished Good	Average Cost	EACH	001	95		13.060	1,240.70
53762-10597-84R Clone Wars Super Play House (4	STAR	Finished Good	Average Cost	EACH	001	1		15.200	15.20
53762-10599-W Hannah Montana Star Stage	DHM	Finished Good	Average Cost	EACH	999	1		18.450	18.45
53762-10631-84B Let's Play Cars Garage ( Fall	DCAR	Finished Good	FIFO	EACH	001	115		11.000	1,265.00
53762-10631-84R Let's Play Cars Garage/Worksho	DCAR	Finished Good	FIFO	EACH	001	7		12.150	85.05
					999	1		12.150	12.15
Item 53762-10631-84R Total:						8		12.150	97.20
53762-10635-84B Disney Princess Kitchen Let's	DPIN	Finished Good	FIFO	EACH	001	129		11.400	1,470.60
53762-10713-84R Star Wars Slumber Lounger	STAR	Finished Good	Average Cost	EACH	001	9		13.848	124.63
53762-10789-42B Ultimate Playland	ST	Finished Good	Average Cost	EACH	001	3		36.643	109.93
53762-10794-53R Vehicle-Thomas w 2Caboose	TTT	Finished Good	Average Cost	EACH	001	1		12.090	12.09
53762-10847-62R Luxury House w/Accessories (O	ST	Finished Good	FIFO	EACH	000	0		0.000	0.01
53762-10867-76R Crawl N Play	ST	Finished Good	Average Cost	EACH	000	4		7.528	30.11
53762-10930-W Cinderella's Carriage	DISC	Finished Good	Average Cost	EACH	001	109		13.770	1,500.93
					888	120		13.770	1,652.40
Item 53762-10930-W Total:						229		13.770	3,153.33
53762-10931-W Snow White's Cottage (4PK, Whi	DISC	Finished Good	Average Cost	EACH	001	82		13.770	1,129.14
53762-23044 DISNEY PRINCESS MAGIC CASTLE C	DPIN	Finished Good	FIFO	EACH	001	26		3.050	79.30
53762-23049 ELMO WORLD CLASSIC HIDEAWAY (w	SEA	Finished Good	FIFO	EACH	001	13		3.500	45.50
53762-23050 THOMAS CLASSIC HIDEAWAY	TTT	Finished Good	FIFO	EACH	001	17		3.050	51.85
53762-23076 Disney Princess Slumber Bed Lo	DPIN	Finished Good	Average Cost	EACH	001	196		12.139	2,379.24
53762-23076-72B Disney Princess Slumber Bed Lo	DPIN	Finished Good	Average Cost	EACH	001	1		11.000	11.00
53762-23122 Dora Adventure Hut 4pk Retail	NDOR	Finished Good	Average Cost	EACH	001	2		8.950	17.90
53762-23210 Disney Princess Hideaway (Ench	DPIN	Finished Good	FIFO	EACH	001	292		4.301	1,255.89
53762-23211 EXCLUSIVE_Disney Princess Mega	DPIN	Finished Good	Average Cost	EACH	001	233		14.216	3,312.33
53762-23416 Ultimate Maze (Playland) (S08)	EZ	Finished Good	Average Cost	EACH	001	8		20.123	160.98
53762-23446-81B SunTwist Screen Room Green 14'	EZ	Finished Good	FIFO	EACH	001	3		48.040	144.12
53762-23447-81B SUN TWIST SCREEN ROOM/SUN SHEL	EZ	Finished Good	FIFO	EACH	001	3		33.910	101.73
53762-25059-82R Built-a-Dino Honeycomb Hut	ET	Finished Good	Average Cost	EACH	001	1		26.300	26.30
53762-37001 LITTLE PRINCESS BED TOPPER	PHH	Finished Good	FIFO	EACH	001	1		13.960	13.96
53762-37012-K PH-ROYAL PRINCESS BED TOPPER	PHH	Finished Good	FIFO	EACH	001	7		21.800	152.60
53762-39028 THOMAS THE TANK BED TOPPER	TTT	Finished Good	FIFO	EACH	001	2		10.140	20.28
53762-42065 ULTIMATE PLAYLAND - 2pk	ST	Finished Good	FIFO	EACH	001	1		36.930	36.93
53762-42065-F ULTIMATE PLAYLAND - 2pk, BROWN	ST	Finished Good	FIFO	EACH	001	2		33.000	66.00
53762-42065-PLY ULTIMATE PLAYLAND - 2pk	ST	Finished Good	FIFO	EACH	001	2		38.000	76.00
53762-42067-V05 EZ Connect Tunnel (6 Pack) (Re	ST	Finished Good	FIFO	EACH	001	49		2.160	105.84
53762-42095-8CP Car Shades (Sky) (F08) (12 pac	EZ	Finished Good	Average Cost	EACH	001	1		4.860	4.86
53762-55052-H X-LARGE BBQ COVER IN POLYBAG	EZ	Finished Good	FIFO	EACH	001	9		8.582	77.24
53762-55305 512 SCREEN ROOM	EZ	Finished Good	FIFO	EACH	001	16		38.953	623.25

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Item Code/Description	Product		Valuation	Unit of		Quantity On		Unit Cost	Inventory Value
	Line	Product Type		Measure	Whse	Hand			
53762-70697-A04 Thomas Play Vehicle (4 Pack) (	TTT	Finished Good	FIFO	EACH	001	61		5.859	357.40
53762-70715 PLAYAWAY W/ ACCESSORIES	PLAW	Finished Good	FIFO	EACH	001	1		4.100	4.10
53762-71019 WIGGLY WORM	ST	Finished Good	FIFO	EACH	001	2		6.175	12.35
53762-71485 KICK N SCORE	S	Finished Good	FIFO	EACH	001	4		4.250	17.00
53762-71494 3 IN 1 SPORTS ARCADE	S	Finished Good	FIFO	EACH	001	8		4.100	32.80
53762-71512 LUXURY HOUSE	ST	Finished Good	FIFO	EACH	001	3		16.500	49.50
53762-71512-V2 LUXURY HOUSE	ST	Finished Good	FIFO	EACH	001	4		16.500	66.00
53762-71588-V04 PRINCESS 5 IN 1 PLAY N FUN (LE	DPIN	Finished Good	FIFO	EACH	001	1		7.890	7.89
53762-71635-V03 Dora Hideaway L.E. (3 Pack) (R	NDOR	Finished Good	FIFO	EACH	999	6		4.868	29.21
53762-71635-V06 DORA HIDEAWAY L.E.	NDOR	Finished Good	FIFO	EACH	001	86		4.071	350.11
53762-71635-V07 DORA HIDEAWAY L.E. (Fall 2007)	NDOR	Finished Good	FIFO	EACH	001	64		4.311	275.90
53762-71652-C03 PRINCESS MAGIC CASTLE	DPIN	Finished Good	FIFO	EACH	001	26		4.680	121.68
53762-71652-V06 DISNEY PRIN HIDEAWAY L.E.	DPIN	Finished Good	FIFO	EACH	001	4		4.150	16.60
53762-71652-V07 DISNEY PRINCESS CASTLE 2007 L.	DPIN	Finished Good	FIFO	EACH	001	33		4.767	157.31
53762-71770 MAGIC BALL ZONE (NEW)	BZ	Finished Good	FIFO	EACH	001	1		12.810	12.81
53762-71868-V05 Big Red Fire Engine 6PK	V	Finished Good	FIFO	EACH	001	20		6.568	131.36
53762-71869-V05 Big Yellow School Bus 6PK	V	Finished Good	FIFO	EACH	001	18		6.515	117.27
53762-72026-V05 CRAWL N PLAY	ST	Finished Good	FIFO	EACH	001	36		6.497	233.89
53762-72033 MEGALAND - 4 Pack	ST	Finished Good	FIFO	EACH	001	3		14.250	42.75
53762-72033-V05 Megaland - Polyester	ST	Finished Good	FIFO	EACH	001	32		16.185	517.92
53762-72035-F Slumber Hut Castle	PLAY	Finished Good	FIFO	EACH	001	1		8.390	8.39
53762-72043-C03 SPIDERMAN L.E. HIDEAWAY	MARV	Finished Good	FIFO	EACH	001	1		4.680	4.68
53762-72043-SM3 SPIDERMAN 3 HIDEAWAY L.E.	MARV	Finished Good	Standard Cost	EACH	001	160		5.414	866.24
53762-72043-V03 SPIDERMAN HIDEAWAY L.E.	MARV	Finished Good	FIFO	EACH	001	8		4.933	39.46
53762-72148 DISNEY PRINCESS TRADITIONAL SL	DPIN	Finished Good	FIFO	EACH	001	53		4.826	255.78
53762-72148-V07 DSNY Princess Trad Slumber Bag	DPIN	Finished Good	FIFO	EACH	001	8		4.595	36.76
53762-73010 LARGE SCREENED ROOM	STW	Finished Good	FIFO	EACH	001	3		16.637	49.91
53762-73010-PLY LARGE SCREEN ROOM	ST	Finished Good	FIFO	EACH	001	1		15.750	15.75
53762-73080-KV2 KAY BEE LICENSED HIDEAWAY ASST	ASST	Kit	FIFO	EACH		364		4.785	1,741.74
53762-73084-C03 ELMO WORLD'S L.E. HIDEAWAY	SEA	Finished Good	FIFO	EACH	001	2		4.750	9.50
53762-74079 NICK - BACKYARDDIGANS HIDEOUT	NBAC	Finished Good	FIFO	EACH	001	3		6.740	20.22
53762-78106 MAGIC PLAYGROUND	ST	Finished Good	FIFO	EACH	001	4		12.000	48.00
53762-78106-V05 Magic Playground (4 Pack) (Ret	ST	Finished Good	FIFO	EACH	001	22		16.753	368.57
53762-79176 DISNEY PRINCESS SLUMBER CHAIR	DPIN	Finished Good	FIFO	EACH	001	1		7.850	7.85
53762-79375 PRINCESS BED WRAP	DPIN	Finished Good	FIFO	EACH	001	1		10.340	10.34
53762-79407 SPIDERMAN HOTSHOT	MARV	Finished Good	FIFO	EACH	001	3		5.350	16.05
53762-79432 SPONGEBOB HOT SHOT	NSPO	Finished Good	FIFO	EACH	001	3		5.147	15.44
53762-79477 NEMO TRADITIONAL SLUMBER BAG	DNEM	Finished Good	FIFO	EACH	001	1		4.300	4.30
53762-79479 DORA BACK PACK - BROWN BOX	NDOR	Finished Good	FIFO	EACH	001	3		4.650	13.95
53762-79491 NEMO CONVERTIBLE SLUMBER BAG	DNEM	Finished Good	FIFO	EACH	001	1		7.350	7.35
53762-79493 CABBAGE PATCH KIDS TRADITIONAL	CABB	Finished Good	FIFO	EACH	001	1		4.200	4.20
53762-79501 SPIDERMAN HIDEOUT TENT	MARV	Finished Good	FIFO	EACH	001	1		8.690	8.69
53762-79505 DORA TUNNEL	NDOR	Finished Good	FIFO	EACH	001	1		4.150	4.15
53762-79586 SPIDERMAN PLAY ENVIRONMENT	MARV	Finished Good	FIFO	EACH	001	4		4.500	18.00
53762-79588 NEMO HIDEAWAY	DNEM	Finished Good	FIFO	EACH	001	2		3.500	7.00
53762-79589-V06 NEMO HIDEAWAY LE	DNEM	Finished Good	FIFO	EACH	001	1		5.060	5.06
53762-79605 Spiderman Meghouse (3 Pack) (R	MARV	Finished Good	FIFO	EACH	001	8		11.250	90.00
53762-79605-SM3 SPIDERMAN 3 MEGA HOUSE	MARV	Finished Good	FIFO	EACH	001	275		10.501	2,887.78
53762-79607 Dora the Explorer Megahouse (3	NDOR	Finished Good	FIFO	EACH	001	137		12.254	1,678.80
53762-79607-F Dora The Explorer Mega Tree Ho	NDOR	Finished Good	FIFO	EACH	001	1		14.020	14.02
53762-79607-V07 Dora The Explorer Mega Tree Ho	NDOR	Finished Good	FIFO	EACH	001	118		11.250	1,327.50
53762-79625 Spiderman 2 in 1 Arcade Zone	MARV	Finished Good	FIFO	EACH	001	20		5.224	104.48
53762-79625-SM3 Spiderman 3 - 2 in 1 Arcade Zo	MARV	Finished Good	FIFO	EACH	001	3		4.000	12.00
53762-79648 DORA CONVERTIBLE SLUMBER BED	NDOR	Finished Good	FIFO	EACH	001	1		9.270	9.27

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Unit Cost to Use for Standard Cost Items: Historical

PLAYHUT, INC. (PHI)

Item Code/Description	Product		Valuation	Unit of		Quantity On		Unit Cost	Inventory Value
	Line	Product Type		Measure	Whse	Hand			
53762-79813 SPONGEBOB BACK PACK TENT	NSPO	Finished Good	Average Cost	EACH	001	2		5.185	10.37
53762-79823 THOMAS THE TANK WITH 2 CABOOSE	TTT	Finished Good	FIFO	EACH	001	14		11.615	162.61
53762-79833 CARS L.E. HIDEAWAY	DCAR	Finished Good	FIFO	EACH	001	319		4.186	1,335.33
53762-79834 Cars Traditional Slumber Bag	DCAR	Finished Good	FIFO	EACH	001	75		4.591	344.33
53762-80024-84B Ultimate Safari Maze	EZ	Finished Good	FIFO	EACH	001	31		14.547	450.96
53762-99069 Beauty Boutique (2 Pack) (Reta	ST	Finished Good	FIFO	EACH	001	1		8.230	8.23
53762-99105 ARIEL L.E. HIDEAWAY	DARI	Finished Good	FIFO	EACH	001	10		4.200	42.00
53762-99107 ARIEL MEGA HOUSE 3D	DARI	Finished Good	FIFO	EACH	001	7		10.971	76.80
53762-99108 Cars Mega Garage	DCAR	Finished Good	FIFO	EACH	001	236		11.632	2,745.15
53762-99108-F Cars Mega Garage - Brown Box	DCAR	Finished Good	FIFO	EACH	001	1		12.930	12.93
53762-99109 DISNEY PRINCESS MEGA CASTLE	DPIN	Finished Good	FIFO	EACH	001	2		11.250	22.50
53762-99109-F DISNEY PRINCESS MEGA CASTLE -	DPIN	Finished Good	FIFO	EACH	001	7		12.927	90.49
53762-99210 (WE SMART) INTERCHANGEABLE MEC	ST	Finished Good	FIFO	EACH	001	1		12.000	12.00
53762-99235 Mystikats-GO LIVE / Kalani	GOL	Finished Good	Average Cost	EACH	001	77		43.803	3,372.83
						888		43.800	43.80-
Item 53762-99235 Total:						76		43.803	3,329.03
53762-99238 Mystikats-GO LIVE / Silva	GOL	Finished Good	Average Cost	EACH	001	257		44.190	11,356.83
						888		44.510	44.51-
Item 53762-99238 Total:						256		44.189	11,312.32
53762-99428 Luxury House w/Accessories (Br	ST	Finished Good	FIFO	EACH	001	32		21.543	689.38
53762-99441 Large BBQ Cover w/ Carry Case	ET	Finished Good	FIFO	EACH	001	320		7.521	2,406.72
53762-99441-8CB Large BBQ Cover w/ Carry Case	EZ	Finished Good	FIFO	EACH	001	3		7.050	21.15
53762-99442 X-Large BBQ Cover w/ Carry Cas	ET	Finished Good	FIFO	EACH	001	405		8.180	3,312.90
53762-99442-86B BBQ Cover-XL w Case	EZ	Finished Good	FIFO	EACH	001	326		9.972	3,250.87
53762-99573 Dora 2-in-1 Arcade #2 (BBALL &	NDOR	Finished Good	FIFO	EACH	001	9		4.883	43.95
53762-99574 Dora 2-in-1 Arcade #2 (TTT & S	NDOR	Finished Good	FIFO	EACH	001	1		1.130	1.13
53762-99629 Diego Jeep Vehicle	NDIE	Finished Good	FIFO	EACH	001	68		5.419	368.49
53762-99642 Diego 2 in 1 Arcade Zone (Tic	NDIE	Finished Good	Average Cost	EACH	001	11		4.229	46.52
53762-99666 Sand box w/accessories - Boy (	ST	Finished Good	FIFO	EACH	001	23		6.947	159.78
53762-99667 Sand box w/accessories - Girl	ST	Finished Good	FIFO	EACH	001	18		6.949	125.08
53762-99670 Green House w/accessories - Bo	ST	Finished Good	FIFO	EACH	001	28		0.000	0.00
53762-99671-F Greenhouse w/Accessories Girl	ST	Finished Good	FIFO	EACH	001	2		7.535	15.07
53762-99740-86B BBQ Cover-XXXL w Case	EZ	Finished Good	FIFO	EACH	001	380		11.049	4,198.62
53762-99760-V07 DISNEY FAIRIES HIDEAWAY	DFAI	Finished Good	FIFO	EACH	001	19		4.000	76.00
53762-99813 Thomas the Tank Hideaway LE (3	TTT	Finished Good	FIFO	EACH	001	4		4.000	16.00
53762-99814 THOMAS THE TANK MEGA HOUSE	TTT	Finished Good	FIFO	EACH	001	105		12.923	1,356.92
53762-99833 Sandbox Asst	ST	Finished Good	FIFO	EACH	001	3		4.800	14.40
53762-99922 LARGE SCREENED ROOM	STW	Finished Good	FIFO	EACH	001	12		17.000	204.00
53762-99935 Crawl N Play (72026-V05 New Ve	ST	Finished Good	FIFO	EACH	001	56		6.797	380.63
53762-99947 Megaland - Polyester (72033-V0	ST	Finished Good	FIFO	EACH	001	180		15.888	2,859.84
53762-99948 Big Yellow School Bus (Refresh	V	Finished Good	Average Cost	EACH	001	35		6.537	228.80
53762-99949 Big Red Fire Engine (Refreshed	V	Finished Good	Average Cost	EACH	001	23		6.537	150.35
54602DT-6T Pop N play Tote - Sofia	DSOF	Finished Good	Average Cost	EACH	000	0		0.000	0.47-
54622DT-6T Pop N Play Tote - Minnie	DMIN	Finished Good	Average Cost	EACH	000	0		0.000	0.25-
54623DT-6T Pop N Play Tote - Doc	DOC	Finished Good	Average Cost	EACH	000	0		0.000	0.01-
54672DT-4T 2 in 1 Tent - Minnie	DMIN	Finished Good	Average Cost	EACH	000	242		7.014	1,697.33
54673DT-4T 2 in 1 Tent - Mickey	MM	Finished Good	Average Cost	EACH	000	4-		8.678	34.71-
54674NK-4T 2 in 1 Tent - TMNT	NIJI	Finished Good	Average Cost	EACH	000	0		0.000	18.32
						001		2,281	15,426.20
Item 54674NK-4T Total:						2,281		6.771	15,444.52

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PLAYHUT, INC. (PHI)

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	Line	Product Type		Measure	Whse	Hand			
54675DT-4T 2 in 1 Tent - Sofia	DSOF	Finished Good	Average Cost	EACH	000	29		7.186	208.38
					001	2,228		7.183	16,003.37
Item 54675DT-4T Total:						2,257		7.183	16,211.75
54676DT-4T 2 in 1 Tent - Cars	DCAR	Finished Good	Average Cost	EACH	000	314		6.939	2,178.84
54678DT-4T 2 in 1 Tent - Disney Princess	DPIN	Finished Good	Average Cost	EACH	000	12		7.017	84.20
54681DT-6T Pop N Play Tote - Cars	DCAR	Finished Good	Average Cost	EACH	000	0		0.000	12.89
55004NK-4T1 Hide About-Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	40		0.000	0.00
55006DT-3T Hide About-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	297		0.000	0.00
55006DT-4T1 Hide About-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	86		0.711	61.16
55008US-4T Hide About-Minions	UNIV	Finished Good	Average Cost	EACH	000	19		4.435	84.26
55013DT-4T Hide About- Disney Princess	DPIN	Finished Good	Average Cost	EACH	000	174		4.121	716.97
55103DT-4T Sleep Away Tent-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	1		10.540	10.54
59052-64T Classic Hideaway-Asst-Boys	ASST	Kit	Average Cost	EACH	000	12		2.494	29.93
59052-74T Classic Hideaway-Asst-Boys	ASST	Kit	Average Cost	EACH	000	248		2.628	651.68
59053-74T Classic Hideaway Asst-Girls	ASST	Kit	Average Cost	EACH	000	248		2.628	651.68
61209DT-4T Discovery Hut-Minnie	DMIN	Finished Good	Average Cost	EACH	000	1,399		6.347	8,878.93
					888	4		6.345	25.38
Item 61209DT-4T Total:						1,403		6.347	8,904.31
61210DT-4T Discovery Hut- Moana	DISM	Finished Good	Average Cost	EACH	000	65		6.309	410.10
61211DT-4T Discovery Hut- Lion Guard	DLG	Finished Good	Average Cost	EACH	000	18		6.748	121.46
61212DT-4T Discovery Hut- Cars	DCAR	Finished Good	Average Cost	EACH	000	69		6.863	473.56
61304NK-4T1 Hide N Play-Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	355		4.141	1,469.99
61305EO-4S Hide N Play-Peppa Pig	ENTO	Finished Good	Average Cost	EACH	000	232		4.785	1,110.12
61306NK-4T Hide N Play-TMNT	NIJI	Finished Good	Average Cost	EACH	000	221		3.471	767.20
61307DT-4T Hide N Play-Minnie Mouse	DMIN	Finished Good	Average Cost	EACH	000	10		3.497	34.97
61309DT-4T Hide N Play-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	10		3.401	34.01
61310DW-4S Hide N Play Trolls	DW	Finished Good	Average Cost	EACH	000	2		3.400	6.80
61402DT-4T Classic Hideaway-Finding Dory	DNEM	Finished Good	Average Cost	EACH	000	152		2.928	445.05
61402DT-4T1 Classic Hideaway-Finding Dory	DNEM	Finished Good	Average Cost	EACH	000	1-		2.540	2.54
61413NK-4T Classic Hideaway-TMNT	NIJI	Finished Good	Average Cost	EACH	000	2,832		2.858	8,093.99
61419DT-4T Classic Hideaway-Minnie	DMIN	Finished Good	Average Cost	EACH	000	15-		2.623	39.34
61423NK-4T1 Classic Hideaway-Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	22-		2.631	57.88
61424DT-4T Classic Hideaway-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	218		2.610	568.98
61424DT-4T1 Classic Hideaway-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	322		2.495	803.31
61427DW-4S Classic Hideaway-Trolls	DW	Finished Good	Average Cost	EACH	000	49		2.715	133.03
61428EO-4T Classic Hideaway- Peppa Pig	O	Finished Good	Average Cost	EACH	000	52		2.670	138.82
61429TT-4T Classic Hideaway-Thomas	TTT	Finished Good	Average Cost	EACH	000	2,893		2.716	7,857.90
61601NK-4T Vehicle- Paw Patrol Skye High	PAWP	Finished Good	Average Cost	EACH	000	885		10.941	9,682.81
					888	36		10.941	393.87
Item 61601NK-4T Total:						921		10.941	10,076.68
61618NK-4T Paw Patrol EZ Fire Truck	PAWP	Finished Good	Average Cost	EACH	000	1		5.040	5.04
61632TT-3T Vehicle-Thomas	TTT	Finished Good	Average Cost	EACH	000	0		0.000	0.01
62845DT-4T Finding Dory Explore N Play	DNEM	Finished Good	Average Cost	EACH	000	703		10.779	7,577.47
62862DW-4S Trolls Hair We Go	DW	Finished Good	Average Cost	EACH	000	2		10.025	20.05
62863DT-2T Finding Dory Marine Adventure	DNEM	Finished Good	Average Cost	EACH	002	12-		9.550	114.60
62866DT-4T Lion Guard Water Fall	DLG	Finished Good	Average Cost	EACH	000	272		9.452	2,570.89
62874EO-4S Peppa Pig Tree House	ENTO	Finished Good	Average Cost	EACH	000	130		10.275	1,335.75
62874EO-4T Peppa Pig Tree House	O	Finished Good	Average Cost	EACH	000	844		10.314	8,705.25
62878DT-4T Adventure Fort- Cars	DCAR	Finished Good	Average Cost	EACH	000	35		5.122	179.26
62879NK-4T Adventure Fort- Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	2		4.760	9.52
62880DT-4T Dazzling Cottage- Minnie	DMIN	Finished Good	Average Cost	EACH	000	193		4.921	949.72
62881DT-4T Dazzling Cottage- Frozen	DFRZ	Finished Good	Average Cost	EACH	000	270		5.173	1,396.63
62882DT-4T Minnie Cottage	DMIN	Finished Good	Average Cost	EACH	000	181		14.748	2,669.38

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PLAYHUT, INC. (PHI)

Item Code/Description	Product		Unit of		Quantity On		Unit Cost	Inventory Value		
	Line	Product Type	Valuation	Measure	Whse	Hand				
62884DT-4T Moana Wayfinder Canoe	DISM	Finished Good	Average Cost	EACH	000	226	9.327	2,107.86		
63800NK-2T Vehicle-Paw Patrol Marshalls F	PAWP	Finished Good	Average Cost	EACH	000	0	0.000	0.11-		
64609DT-4T 2 in 1 Tent - Finding Dory	DISF	Finished Good	Average Cost	EACH	000	561	7.600	4,263.47		
					001	2,400	7.600	18,239.51		
					Item 64609DT-4T Total:			2,961	7.600	22,502.98
64640US-4T 2 in 1 Tent - Minions	UNIV	Finished Good	Average Cost	EACH	000	21	7.015	147.32		
					001	2,000	7.015	14,030.31		
					Item 64640US-4T Total:			2,021	7.015	14,177.63
64641NK-4T 2 in 1 Tent - Paw Patrol Girls	PAWP	Finished Good	Average Cost	EACH	000	933	7.162	6,681.83		
					001	2,400	7.186	17,247.00		
					Item 64641NK-4T Total:			3,333	7.179	23,928.83
64805NK-4S Camp N Play-TMNT	NIJI	Finished Good	Average Cost	EACH	000	35	2.756	96.45		
64807DT-4S Camp N Play-Minnie	DMIN	Finished Good	Average Cost	EACH	000	30	1.810	54.29		
64811DT-4S Camp N Play-Frozen	DFRZ	Finished Good	Average Cost	EACH	000	35	2.457	86.00		
65014DT-4T Hide About- Finding Dory	DISF	Finished Good	Average Cost	EACH	000	3	0.000	0.00		
65014DT-4T1 Hide About- Finding Dory	DISF	Finished Good	Average Cost	EACH	000	74	4.135	305.99		
65017NK-4T Hide About-TMNT	NIJI	Finished Good	Average Cost	EACH	000	17	4.096	69.64		
65019DT-3T Hide About-Minnie Mouse	DMIN	Finished Good	Average Cost	EACH	000	195	3.695	720.52		
65024NK-3T Hide About- Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	13	3.685	47.90		
65033DW-3S Hide About-Trolls	DW	Finished Good	Average Cost	EACH	000	627	3.694	2,315.85		
65033DW-4S Hide About-Trolls	DW	Finished Good	Average Cost	EACH	000	1	0.000	0.00		
65037NK-6T Explore Zone TMNT	NIJI	Finished Good	Average Cost	EACH	000	36	8.051	289.85		
65039DT-6T Explore Zone Finding Dory	DISF	Finished Good	Average Cost	EACH	000	0	0.000	0.01		
65042DT-4T Hide About-Doc McStuffins	DOC	Finished Good	Average Cost	EACH	000	5	4.558	22.79		
65604DT-4T Explore 4 Fun- Sofia	DSOF	Finished Good	Average Cost	EACH	000	175	8.350	1,461.17		
					888	8	8.350	66.80		
					Item 65604DT-4T Total:			183	8.350	1,527.97
65607NK-4T Explore 4 Fun- Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	5,226	6.575	34,362.87		
66604-4R Vehicle- Ice Cream Truck	V	Finished Good	Average Cost	EACH	000	98	0.000	0.00		
66701-4R 6FT PEEK - A - BOO TUNNEL	PLPL	Finished Good	Average Cost	EACH	333	15	8.583	128.74		
66702-4R PLAY VILLAGE EZ TWIST TUNNEL	PPVI	Finished Good	Average Cost	EACH	333	8	4.449	35.59		
66703-3R1 Adventure Play Tunnel	PLPL	Finished Good	Average Cost	EACH	000	664	5.350	3,552.40		
66800-4R MAGIC BALL ZONE	PLAC	Finished Good	Average Cost	EACH	000	113	14.321	1,618.26		
					333	16	14.139	226.22		
					Item 66800-4R Total:			129	14.298	1,844.48
66914-4R Playhut X Island Rush	PLAX	Finished Good	Average Cost	EACH	333	8	17.458	139.66		
67012-4R ME 2 CRAWL N' FUN PLAY TENT	PLPL	Finished Good	Average Cost	EACH	333	15	11.953	179.29		
67013-4R MEGA HOUSE PLAY TENT	PLPL	Finished Good	Average Cost	EACH	000	4	16.005	64.02		
					333	16	16.004	256.06		
					Item 67013-4R Total:			20	16.004	320.08
67014-4R SUPER PLAYGROUND PLAY TENT	PLPL	Finished Good	Average Cost	EACH	333	15	26.439	396.58		
67015-4R PLAY VILLAGE COTTAGE	PPVI	Finished Good	Average Cost	EACH	333	16	11.764	188.22		
67016-4R PLAY VILLAGE GREEN HOUSE	PPVI	Finished Good	Average Cost	EACH	333	15	11.179	167.68		
67017-4R PLAY VILLAGE MUSHROOM HOUSE WI	PPVI	Finished Good	Average Cost	EACH	333	16	13.906	222.50		
67018-4R GAME CENTER	PLAC	Finished Good	Average Cost	EACH	000	20	11.000	219.99		
					333	11	11.000	121.00		
					Item 67018-4R Total:			31	11.000	340.99
68900-4R CUBIE CAFE ANGLED BOX	PLAX	Finished Good	Average Cost	EACH	333	8	15.353	122.82		
68906-4R FOXBERRY GARDENS	CUBE	Finished Good	Average Cost	EACH	333	8	13.269	106.15		

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	Line	Product Type		Measure	Whse	Hand			
68907-4R BAKERY SHOPPE	CUBE	Finished Good	Average Cost	EACH	000	2		17.160	34.32
					333	15		17.159	257.38
				Item 68907-4R Total:		17		17.159	291.70
68908-4R CUPCAKE CASTLE	CUBE	Finished Good	Average Cost	EACH	333	8		18.559	148.47
68910-4R ISLAND FORT	CUBE	Finished Good	Average Cost	EACH	333	8		13.506	108.05
68911-4R Cubetopia Training Center	CUBE	Finished Good	Average Cost	EACH	333	8		16.958	135.66
68912-4R Cubetopia Pirale Ship	CUBE	Finished Good	Average Cost	EACH	333	14		17.827	249.58
69026-64T Adventure Fort Asst	ASST	Kit	Average Cost	EACH	000	4,626		4.605	21,302.73
69027-64T Dazzling Cottage Asst	ASST	Kit	Average Cost	EACH	000	5,780		4.527	26,166.05
71207EO-4T Explore 4 Fun- PJ Masks	PJM	Finished Good	Average Cost	EACH	000	4		7.753	31.01
71210DT-4T Explore 4 Fun- Cars 3	DCAR	Finished Good	Average Cost	EACH	000	4,981		8.594	42,804.79
71400DT-4T Classic Hideaway - Cars 3	DCAR	Finished Good	Average Cost	EACH	000	2,915		2.631	7,669.81
71401DT-4T Classic Hideaway-Mickey Roadst	MM	Finished Good	Average Cost	EACH	000	891		2.620	2,334.59
71403DT-4T Classic Hideaway-Elena of Aval	PNEX	Finished Good	Average Cost	EACH	000	19		2.625	49.88
71404DT-4T Classic Hideaway-Minnie	DMIN	Finished Good	Average Cost	EACH	000	1,401		2.771	3,882.52
71406NK-4T Classic Hideaway-Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	4,722		2.589	12,223.80
71408EO-4T Classic Hideaway- PJ Masks	PJM	Finished Good	Average Cost	EACH	000	335		2.609	873.88
71409NK-4T Classic Hideaway-Shimmer & Shi	NSNS	Finished Good	Average Cost	EACH	000	1,576		2.335	3,680.56
71410NK-4T Classic Hideaway-Paw Patrol Gi	PAWP	Finished Good	Average Cost	EACH	000	2,869		2.282	6,546.61
71411HB-4T Classic Hideaway-My Little Pon	HMLP	Finished Good	Average Cost	EACH	000	669		2.624	1,755.66
71415DT-4T Classic Hideaway-Disney Prince	DPIN	Finished Good	Average Cost	EACH	000	2,961		2.615	7,741.65
71433US-4T Classic Hideaway-Despicable Me	UNIV	Finished Good	Average Cost	EACH	000	10		2.714	27.14
71603DT-4T Cars 3 Legendary Lightning McQ	DCAR	Finished Good	Average Cost	EACH	000	886		10.140	8,984.33
71605EO-4T Peppa Pig EZ Vehicle	O	Finished Good	Average Cost	EACH	000	59		4.653	274.53
71644EO-4T PJ Masks Cat Car	DPJM	Finished Good	Average Cost	EACH	000	221		7.462	1,649.05
71647NK-4T EZ Vehicle - Paw Patrol Police	PAWP	Finished Good	Average Cost	EACH	000	60		5.361	321.63
71653EO-4T EZ Vehicle - PJ Mask Gekko Mob	PJM	Finished Good	Average Cost	EACH	000	3		5.227	15.68
71668SS-4T Vehicle-Sesame Street Express	SEA	Finished Good	Average Cost	EACH	000	216		7.469	1,613.25
71803DT-4T Fun Zone - Cars 3	DCAR	Finished Good	Average Cost	EACH	000	914		5.131	4,689.51
71809NK-4T Fun Zone - Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	252		5.337	1,344.90
71846DT-4T Fun Zone - Disney Princess	DPIN	Finished Good	Average Cost	EACH	000	189		5.131	969.77
71940NK-4T 3 in 1 Play Center- Paw Patrol	PAWP	Finished Good	Average Cost	EACH	000	1,593		6.970	11,103.84
71944HB-4T 3 in 1 Play Center My Little P	HMLP	Finished Good	Average Cost	EACH	000	619		9.636	5,964.82
72810DT-2T Minnie Kitchen w/ Awning	DMIN	Finished Good	Average Cost	EACH	000	411		8.327	3,422.50
72827NK-4T Shimmer and Shine Whimsical	NSNS	Finished Good	Average Cost	EACH	000	1		9.530	9.53
72848HB-4T My Little Pony Castle Hut	HMLP	Finished Good	Average Cost	EACH	000	920		7.932	7,297.72
72865EO-2T PJ Masks Headquarters	PJM	Finished Good	Average Cost	EACH	000	1		7.270	7.27
72865EO-4T PJ Masks Headquarters	PJM	Finished Good	Average Cost	EACH	000	1		0.000	0.00
72866DT-4T Mickey Mouse Racer Garage	MM	Finished Good	Average Cost	EACH	000	5,367		9.481	50,882.68
72878DT-2T Minnie Deluxe Kitchen	DMIN	Finished Good	Average Cost	EACH	000	332		11.427	3,793.79
72878DT-4T Minnie Deluxe Kitchen	DMIN	Finished Good	Average Cost	EACH	000	72		0.000	0.00
72890EO-4T Peppa Pig Supermarket	ENTO	Finished Good	Average Cost	EACH	000	6		9.670	58.02
74620NK-4T Paw Patrol Air comfy	PAWP	Finished Good	Average Cost	EACH	000	1		14.830	14.83
74626DT-4T 2 in 1 Tent - Cars 3	DCAR	Finished Good	Average Cost	EACH	000	4,637		7.154	33,173.76
74628DT-4T 2 in 1 Tent - Elena	DEL2	Finished Good	Average Cost	EACH	000	537		7.116	3,821.30
74639DT-4T 2 in 1 Tent - Elena	DEL2	Finished Good	Average Cost	EACH	000	96		7.109	682.45
75000DT-3T Hide About-Cars 3	DCAR	Finished Good	Average Cost	EACH	000	549		3.694	2,027.98
75001DT-4T Hide About-Moana	DISM	Finished Good	Average Cost	EACH	000	0		0.000	0.04
75009DT-3T Hide About-Elena Of Avalor	DELA	Finished Good	Average Cost	EACH	000	359		3.694	1,326.02
75603DT-4T Explore 4 fun - Elena	DELX	Finished Good	Average Cost	EACH	000	121		6.407	775.28
76307-4T Just like Dad Camo Hut	PLPL	Finished Good	Average Cost	EACH	000	2,300		4.292	9,870.81
77001-2R Discovery TeePee	PLPL	Finished Good	Average Cost	EACH	000	1,999		10.169	20,328.79
77101-2V 100 My First Play Balls	BZ	Finished Good	Average Cost	EACH	000	380		5.238	1,990.25

Run Date: 5/22/2018 2:21:09PM

I/M Date: 5/22/2018

Page: 8

User Login: pearlp

Inventory Valuation Report by Period

Sorted by Item Code

For Period Ending: 05/31/2018

Unit Cost to Use for Standard Cost Items: Historical

PLAYHUT, INC. (PHI)

Item Code/Description	Product		Valuation	Unit of		Quantity On		Unit Cost	Inventory Value
	Line	Product Type		Measure	Whse	Hand			
77101-4V 100 My First Play Balls	BZ	Finished Good	Average Cost	EACH	000	6,968		5.150	35,888.32
78000-4R Baby Hut	BABY	Finished Good	Average Cost	EACH	000	2,774		10.787	29,923.41
87002-4T Pretend City Lemonade Shop	PCTY	Finished Good	Average Cost	EACH	000	86		13.765	1,183.79
87006-4T Pretend City Ice Cream Truck	PCTY	Finished Good	Average Cost	EACH	000	1,198		12.099	14,494.72
87012-4T Playhut Dragon Castle	PLPL	Finished Good	Average Cost	EACH	000	456		12.916	5,889.67
87020-4T Pretend City Ice Cream Van	PCTY	Finished Good	Average Cost	EACH	000	584		10.122	5,911.49
87022-4T Pretend City Donut Shop	PCTY	Finished Good	Average Cost	EACH	000	822		9.814	8,067.27
87023-4T Pretend City Funtime Lemonade	PCTY	Finished Good	Average Cost	EACH	000	3,699		9.808	36,279.83
87024-4T Pretend City Carnival Candy	PCTY	Finished Good	Average Cost	EACH	000	1,787		9.864	17,627.01
87031-4T Pretend City Camping Tent	PCTY	Finished Good	Average Cost	EACH	000	8		12.539	100.31
87039-4T Pretend City Dino Adventure Tu	PCTY	Finished Good	Average Cost	EACH	000	318		6.172	1,962.75
87040-4T Pretend City Unicom Pretend T	PCTY	Finished Good	Average Cost	EACH	000	318		6.172	1,962.75
CAM-23300-WH Azoooca Web Cam	O	Finished Good	Average Cost	EACH	000	29		5.000	145.00
Report Total:									1,306,129.21



\*#####%0960%04262018%#####\*

## CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,152,613.59	05-04-2018	05-04-2019	208507 208509	99	111636	GCH	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

**Borrower:** Playhut, Inc.  
368 South Cheryl Lane  
City of Industry, CA 91789

**Lender:** Preferred Bank  
Alhambra Office  
325 East Valley Blvd.  
Alhambra, CA 91801

**Principal Amount: \$6,152,613.59**

**Date of Agreement: April 26, 2018**

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A Promissory Note dated May 12, 2016 in the original Principal Amount of Seven Million Nine Hundred Fifty Three Thousand & 00/100 Dollars (\$7,953,000.00), as amended by various Change in Terms including Change in Terms Agreement dated May 4, 2017 in the amount of Six Million One Hundred Fifty-two Thousand Six Hundred Thirteen 59/100 Dollars (\$6,152,613.59,59).

**DESCRIPTION OF CHANGE IN TERMS.**

- 1). **MATURITY DATE.** The maturity date of the Notes is hereby extended from May 4, 2018 to May 4 2019.
  - 2). **COLLATERAL RELEASED.** The "collateral" paragraph "(A)" within Change in Terms Agreement dated July 22, 2016 is deleted in its entirety.
  - 3). **LINE OF CREDIT.** Effective as of the date of this agreement, the "LINE OF CREDIT." paragraph is replaced in its entirety with the following:  
**LINE OF CREDIT.** This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested orally by Borrower or as provided in this paragraph. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person or persons are authorized, except as provided in this paragraph, to request advances and authorize payments under this Note until lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: Yu Zheng, President of Play hut, Inc. Advance are subject to the terms and conditions of the Business Loan Agreement dated May 4, 2017. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.
  - 4). **PAYMENT CHANGE.** Payment schedule is changed as detailed within the "PAYMENT" paragraph below.
  - 5). **MASTER LINE LIMITS.** Master Line Limit is changed as detailed within the "MASTER LINE LIMITS" paragraph below.
- All other terms and conditions shall remain the same.

**MASTER LINE LIMITS.** Master Line of Credit in the amount of \$6,152,613.59 consists of the following sublimits:

Sub-Line (A) a Non-Revolving line of credit in the amount of \$3,752,613.59.

Sub-Line (B) a Seasonal Non-Revolving line of credit in the amount of \$1,500,000.00.

Sub-Line (C) for issuance of Stand-by LC's in the amount of \$900,000.00.

As of the date of this agreement, the Master Line has been fully advanced, and Borrower is not entitled to further loan advances.

**PAYMENT.** Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in accordance with the following payment schedule, which calculates interest on the unpaid principal balances as described in the "INTEREST CALCULATION METHOD" paragraph using the interest rates described in the "VARIABLE INTEREST RATE" paragraph. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing based on the following repayment schedule;

**Sub-Line (A)**

Borrower will pay interest accrued on the outstanding Principal Balance of Sub-line (A) shall be due and payable on each payment date, beginning June 4, 2018, with all subsequent interest payments to be due on the same day of each month after that. In addition, Borrower will pay 6 monthly consecutive principal payments of \$50,000.00 each, beginning September 30, 2018, and on the same day of each month after that, during which interest continues to accrue on the unpaid principal balances. All outstanding principal together with all accrued and unpaid interest and all other amounts due hereunder, shall be due and payable on May 4, 2019. (the "Maturity Date.")

**Sub-Line (B)**

Borrower will pay interest accrued on the outstanding Principal Balance of Sub-line (B) shall be due and payable on each payment date, beginning June 4, 2018, with all subsequent interest payments to be due on the same day of each month after that. All outstanding principal balance together with all accrued and unpaid interest and all other amounts due hereunder, shall be due and payable on May 4, 2019.(the "Maturity Date.")

**Sub-Line (C)**

Borrower will pay interest on the outstanding Principal Balance of Sub-line (C) shall be due and payable on each payment date, beginning June 4, 2018, with all subsequent interest payments to be due on the same day of each month after that. All outstanding principal balance together with all accrued and unpaid interest and all other amounts due hereunder, shall be due and payable on May 4, 2019.(the "Maturity Date.")

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an index which is Lender's Prime Rate (the "Index"). This is the rate Lender charges, or would charge, on 90-day unsecured loans to the most creditworthy corporate customers. This rate may or may not be the lowest rate available from Lender at any given time. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each Day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 5.500% per annum. The interest rate or rates to be applied to the unpaid principal balance during this loan will be calculated as described in the "Interest calculation method" paragraph using a rate of 1.250 percentage



\*#####%0960%04262018%#####\*

## CHANGE IN TERMS AGREEMENT (Continued)

Page 2

points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 8.750%. NOTICE: Under no circumstances will the interest rate on this loan be less than 6.125% per annum or more than the maximum rate allowed by applicable law.

**INTEREST CALCULATION METHOD.** Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorser of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**SUPPORTING GUARANTIES.** This loan is supported by two (2) Commercial Guaranties dated May 12, 2016.

**BUSINESS LOAN AGREEMENT.** Reference is hereby made to that certain Business Loan Agreement dated May 4, 2017 for additional terms and conditions.

**CROSS-COLLATERIALIZATION.** In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, and Grantor's Affiliates including but not limited to obligations, debts and liabilities of Loan 205404 (Patent Category Corp.) or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

**CROSS DEFAULT.** Borrower hereby understands and agrees that any event of default under this Note, Business Loan Agreement or the Related Documents or any event of default under the Note, Business Loan Agreement or Related Documents by and between Lender and Patent Category Corp., shall constitute an event of default on all indebtedness of Borrower and Borrower's affiliates to Lender.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**BORROWER:**

PLAYHUT, INC.

By:

Yu Zheng, President of Playhut, Inc.

**LENDER:**

PREFERRED BANK

X

Christina Ching, Senior Vice President

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## CONSENT OF GUARANTOR

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,152,613.59	05-04-2018	05-04-2019	208507 208509	99	111636	CCH	
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**Borrower:** Playhut, Inc.  
368 South Cheryl Lane  
City of Industry, CA 91789

**Lender:** Preferred Bank  
Alhambra Office  
325 East Valley Blvd.  
Alhambra, CA 91801

This CONSENT OF GUARANTOR is attached to and by this reference made a part of the Commercial Guaranty, dated May 12, 2016, and executed in connection with a loan or other financial accommodations between PREFERRED BANK and Playhut, Inc. (Borrower).

The undersigned Patent Category Corp. (Guarantor) has previously guaranteed the indebtedness of Playhut, Inc. (Borrower) owed to Preferred Bank. Guarantor hereby acknowledges its consent to the terms and provisions of the Change in Terms Agreement dated April 26, 2018 and security interest given in connection with the indebtedness, and the transactions contemplated thereby and hereby reaffirm its obligations under the Commercial Guaranty ("Guaranty"), dated May 12, 2016. Guarantor also hereby reaffirms that its obligations under the Guaranty are separate and distinct from the Borrower's obligations and the terms of the Commercial Guaranty remain in full force and effect.

THIS CONSENT OF GUARANTOR IS DATED APRIL 26, 2018

PATENT CATEGORY CORP.

Yu Zheng, CEO of Patent Category Corp.

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## CONSENT OF GUARANTOR

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,152,613.59	05-04-2018	05-04-2019	208507 208509	99	111636	CCH	
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368 South Cheryl Lane  
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**Lender:** Preferred Bank  
Alhambra Office  
325 East Valley Blvd.  
Alhambra, CA 91801

This CONSENT OF GUARANTOR is attached to and by this reference made a part of the Commercial Guaranty, dated May 12, 2016, and executed in connection with a loan or other financial accommodations between PREFERRED BANK and Playhut, Inc.(Borrower).

The undersigned Yu Zheng (Guarantor) has previously guaranteed the indebtedness of Playhut, Inc. (Borrower) owed to Preferred Bank. Guarantor hereby acknowledges its consent to the terms and provisions of the Change in Terms Agreement dated April 26, 2018 and security interest given in connection with the indebtedness, and the transactions contemplated thereby and hereby reaffirm its obligations under the Commercial Guaranty ("Guaranty"), dated May 12, 2016. Guarantor also hereby reaffirms that its obligations under the Guaranty are separate and distinct from the Borrower's obligations and the terms of the Commercial Guaranty remain in full force and effect.

THIS CONSENT OF GUARANTOR IS DATED APRIL 26, 2018

Yu Zheng.



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Title:

Date:

Time:

Description:

Employee Name	Balance as of 5/22/2018
Alomari, Bara Issa Abdallah	1,750.00
Araiza, Javier	616.00
Borunda, Adrienne Rebecca	840.00
Fang, Charles	2,288.46
Fernandez, Beatriz M	672.00
Jaime, Iris	1,696.16
Kruger, Dayna	1,120.00
Liao, Sean	1,426.92
Lopez, Orlando	1,368.24
Montes, Salvador A	672.00
Padilla, Amalia	728.00
Pena, Viviana	1,292.31
Peri, Zhen Zhen	2,153.84
Raquel, Kathrina Ann Mae Lozano	2,019.23
Reynoso, Susana	1,157.69
Seto, Connie Li	616.00
Todd, Peter Elliot	4,840.77
Tsai, Sheau-Ping P	840.00
Wang, Amy Rong Li	1,760.00
Wong, Wing T	1,292.31
Yu, Jennifer Aijen	1,750.00
Zheng, Yu	8,076.92
	<b>38,976.84</b>

Frank Nakada	720
Wei Shi	952
Joshua Casavez	840
Carmen Valenzulea	640
Total	<b>3152</b>



Frank Nakada	720
Wei Shi	952
Joshua Casavez	840
Carmen Valenzulea	640
Total	<b>3152</b>

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 18101 Von Karman Avenue, Suite 1200, Irvine, CA 92612

A true and correct copy of the foregoing document entitled (*specify*): **DEBTOR'S EMERGENCY MOTION FOR ORDER APPROVING: 1. USE OF CASH COLLATERAL OF PREFERRED BANK; 2. PAYMENT OF PRE-PETITION EMPLOYEE SALARY AND BENEFITS; 3. MAINTAINING PRE-PETITION BANK ACCOUNTS FOR 30 DAYS; 4. MAINTAINING PRE-PETITION MERCHANT ACCOUNT FOR 60 DAYS; AND 5. EXTENDING THE TIME IN WHICH TO FILE SCHEDULES, STATEMENTS AND LISTS PURSUANT TO FRBP 1007(c)** will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) May 24, 2018, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Robert P Goe kmurphy@goeforlaw.com, rgoe@goeforlaw.com;goeforecf@gmail.com
- Alvin Mar alvin.mar@usdoj.gov
- Stephen Reider sreider@goeforlaw.com, kmurphy@goeforlaw.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

☐ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) May 24, 2018, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL**

(*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) May 24, 2018, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

- The Honorable Julia W. Brand, USBC, 255 East Temple Street, Los Angeles, CA 90012 (personal delivery)

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

May 24, 2018

*Date*

Kerry A. Murphy

*Printed Name*

/s/Kerry A. Murphy

*Signature*

1		<b><u>VIA OVERNIGHT DELIVERY</u></b>	
2	1 West Capital, LLC	CHANGZHOUKANG	Disney Consumer
3	1250 East Hallandale Beach	YUAN PLASTIC	Prod. Latin AM
4	Blvd.	CO.L	Two Alhambra Plaza, 9th Floor
5	Suite 409	Xinqiao Town,	Miami, FL 33134
6	Hallandale, FL 33009	Xinbei District	
7		Changzhou, Jiangsu	
8		Jiangsu, China	
9	EAST GRACE	East-West Associates, Inc.	EBF Partners, LLC dba Everest
10	CORPORATION	14821 Northam Street	Business Funding
11	395 Zhongshan Road	La Mirada, CA 90638	5 West 37th Street, 2nd Floor
12	Wuxi, Jiangsu		New York, NY 10018-5385
13	China		
14	HANGZHOU CHINA	HANGZHOU	NINGBO DEMEI
15	TEXTILE IMP&EXP	TAIYUAN OUTDOOR	HOME TEXTILE CO.
16	6 F, A Building	Building 3 No. 2	LTD
17	Kaixuanmen	Fengcheng Rd Ping	No. 368 Yinxian
18	Business Centre, No	Town Yuhang	Avenue
19	11, Qingchun Rd	District	Yinzhou District
20	Hangzhou City,	Hangzhou China	Ningbo, Zhejiang,
21	China		China
22	OOCL	Viacom	WELFULL GROUP
23	111 West Ocean Blvd	International, Inc.	CO., LTD.
24	Suite 1700	PO Box 13732	11F, Jinjiang Manion
25	Long Beach, CA 90802	Newark, NJ 07188	No. 111 Hushu
26			South Road
27			Hangzhou, China
28	WUXI TIANAO	YANCHENG	YANCHENG
29	HOME TEXTILE CO.,	CHANGHUA	CHANGHUA
30	No. 10 Xinyuan	OUTDOOR	TRADING CO.
31	Road, Qianzhou	PRODUCTS	No. 8 Longde RD
32	Town Industrial Park	No. 8 Longde Road	Dazonghu Town
33	Wuxi, China	Dazonghu Town,	Yancheng, Jiangsu,
34		Yandu District	China
35		Yancheng, Jiangsu,	
36		China	
37	YANGZHOU	YANGZHOU	Yellowstone Capital West, LLC
38	ZHENGHE FOREIGN	ZHONGYU	30 Broad Street
39	TRADE	IMP.&EXP.COR	14th Floor, Suite 1462
40	No. 4, Jiazhuang	No 20, Yuqi Street,	New York, NY 10004
41	Lane, Ximen	Yangzhou	
42	Yangzhou, Jiangsu,	Jiangsu, China	
43	China		
44	ZHEJIANG	Preferred Bank	Preferred Bank
45	YOUYIJIA	Alhambra Office	601 S Figueroa Street
46	INDUSTRY & TRADE	325 East Valley Blvd	29th Floor
47	Yunfeng Maotian	Alhambra, CA 91801	Los Angeles, CA 90017-5734
48	Industrial Area		
49	Suichang County		

Zhejiang Province,  
China

**Counsel to Hangzhou China**

**Textile Imp & Exp**

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C T Corporation System, As  
Representative  
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Glendale, CA 91203-2336